fundamentals

Intrawest 2003 Annual Report

Five-Year Historical Review

YEARS ENDED JUNE 30 (IN MILLIONS OF UNITED STATES DOLLARS, EXCEPT PER SHARE AMOUNTS)	**2003**	2002	2001	2000	1999
CONSOLIDATED OPERATIONS					
REVENUE					
Resort operations	**571.5**	485.1	492.2	447.4	382.5
Real estate	**512.7**	495.8	424.3	348.4	221.2
Other	**2.4**	5.1	6.3	14.7	5.9
Total revenue	**1,086.6**	986.0	922.8	810.5	609.6
EXPENSES					
Resort operations	**454.8**	377.8	383.9	353.7	300.9
Real estate costs	**437.7**	407.7	343.3	285.5	177.4
Interest	**47.1**	43.1	44.5	35.2	24.8
Depreciation and amortization	**67.5**	65.4	57.9	51.4	40.2
General, administrative and other	**32.4**	33.4	29.7	32.6	27.7
Write-down of technology assets	**12.3**	—	—	—	—
Total expenses	**1,051.8**	927.4	859.3	758.4	571.0
Income from continuing operations	**34.8**	58.6	63.5	52.1	38.6
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE					
Basic	**0.73**	1.33	1.45	1.20	0.96
Diluted	**0.73**	1.31	1.43	1.18	0.94
WEIGHTED AVERAGE NUMBER OF SHARES (IN THOUSANDS)					
Basic	**47,364**	44,206	43,665	43,362	40,237
Diluted	**47,590**	44,695	44,504	44,252	40,986
Total Company EBITDA*	**209.2**	211.2	200.3	165.4	128.8
CONSOLIDATED BALANCE SHEETS					
ASSETS					
Resort operations	**918.7**	841.8	813.7	784.7	699.0
Properties – resort	**1,067.3**	861.5	700.6	569.3	460.9
– discontinued operations	**—**	6.3	7.1	9.6	20.6
Other	**529.7**	457.3	434.9	353.8	311.7
Total assets	**2,515.7**	2,166.9	1,956.3	1,717.4	1,492.2
LIABILITIES AND SHAREHOLDERS' EQUITY					
Bank and other indebtedness	**1,260.9**	1,055.9	1,010.0	833.2	727.1
Other liabilities	**543.7**	433.7	377.9	372.9	226.6
Shareholders' equity	**711.1**	677.3	568.4	511.3	538.5
Total liabilities and shareholders' equity	**2,515.7**	2,166.9	1,956.3	1,717.4	1,492.2

*EBITDA = Net income before interest, income taxes, non-controlling interest, depreciation and amortization.

Statements contained in this annual report that are not historical facts are forward-looking statements that involve risks and uncertainties. Intrawest's actual results could differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, Intrawest's ability to implement its business strategies, seasonality, weather conditions, competition, general economic conditions, currency fluctuations and other risks detailed in the company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

Contents

Corporate Profile

Intrawest Corporation is the world's leading developer and operator of village-centered resorts. It is redefining the resort world with its 10 mountain resorts, one warm-weather resort, 29 golf courses under management, a premier vacation ownership business – Club Intrawest, and six world-class resort villages at other locations, including one in France. In addition, Intrawest has a significant investment in Alpine Helicopters, owner of the largest heli-skiing operation in the world. The company has expertise in all aspects of resort living including lodging, food and beverage, themed retail, animated operations and real estate development. Its 21,900 employees are uniquely positioned to service the company's 8.2 million skier visits and 750,000 golf rounds, providing the best possible resort experience again and again. Intrawest Corporation's shares are listed on the New York (IDR) and Toronto (ITW) stock exchanges. The company is headquartered in Vancouver, British Columbia.

To Our Shareholders

Each year in a company's history forms another chapter in an evolving story. For Intrawest, 2003 was a chapter filled with hard-earned achievements and the trials of the unexpected. External economic and political factors had a negative impact on results in some parts of our business but they also spurred on positive efforts to sharpen our focus on the disciplined execution of our business plans. Our accomplishments include important organizational changes and a major new financial approach to our real estate business. We also demonstrated, once again, the strength of the fundamentals of our business model in the face of adversity.

In this message we will describe some of the important changes we made in the past year. These changes form part of our strategy to use our unique assets and expertise to participate in the anticipated growth in leisure spending in this decade. This strategy will enable us to grow earnings in a low-risk fashion and we are confident that it will result in greater shareholder value.

Despite the external challenges we faced, our total revenue grew to over $1 billion for the first time. Ski and resort operations revenue grew to $572 million compared with $485 million in 2002. Total Company EBITDA (earnings before interest, income taxes, non-controlling interest, depreciation and amortization) declined only slightly to $209 million from $211 million. Earnings per share showed a greater decline from $1.31 to $0.73, reflecting a write-down of technology assets and higher depreciation and interest expense.

Resort Operations – Steady in the Storm

The relative performance of our resort operations outpaced most travel and leisure companies. Skier visit growth was very strong until March, at which time the combined impact of the war in Iraq and Severe Acute Respiratory Syndrome (SARS) caused visits – and destination visits in particular – to decline sharply. The pace of visits picked up again towards the end of the season to finish up 4.6 per cent on a same-resort basis for the season. Our market share of North American skier visits continues to grow steadily and stands at 11 per cent, an increase of almost 40 per cent in five years. Same-resort revenue was up 11 per cent on the strength of skier visits and revenue per visit growth. We attribute this revenue performance to the competitive advantages we gain from our villages, facilities and quality of service, as well as the breadth of revenue opportunities at our resorts.

Revenue growth in 2003 also reflected new marketing initiatives. Over the past two years we have moved to customer relationship management (CRM) systems and direct marketing strategies, with Intrawest resorts becoming industry leaders in cost-effective direct communication to existing and prospective customers. In our local markets this direct-marketing capability enabled us to increase our unit sales of season passes by 17 per cent and our sales of frequent-skier cards by 28 per cent during the 2002-2003 winter season. To maximize our share of destination skier travel, we used our emerging capability in customer predictive modeling to help us more precisely identify and target the best prospects for the purchase of ski vacation packages, especially during off-peak periods.

Just as millions of Baby Boomers help drive our resort real estate, the young skiers and snowboarders who are their children – the Echo Boomers – represent the biggest and best source of growth for the mountain resort business. We made certain that much of our resort marketing and communication stressed the youthfulness of our resort experiences. Our resort operators delivered on their marketing promise with a resort experience appealing to youth. Our mountain operation specialists have become widely acknowledged as industry leaders in the conception and delivery of "new school" half-pipe and terrain park experiences. In the winter of 2002-2003, the leading snowboard and young skier magazines ranked Intrawest half pipes and terrain parks among the very best in the business.

Our resort villages were also a key factor in attracting market-leading volumes of customers, with many of our winter season festivals using both mountain and village settings to create innovative experiences. Just one example was Tremblant's Oakley JibFest, during which thousands of young people lined the village walks and balconies to watch top skiers and riders compete on a course that ran down the village's main pedestrian avenue directly in front of the village shops and restaurants. This spectacular event brought tremendous life and energy to the resort while driving strong traffic levels and sales for our village merchants.

Finally, the capital requirements of our resorts continue to decline steadily. Today each of our resorts has moved beyond the most capital-intensive phase in its development. Resort capital expenditures have declined by almost half, from $119 million in 2000 to $65 million in 2003, while resort visits and revenue have continued to grow.

Resort Real Estate – Challenge and Opportunity

In our real estate development division, we sustained our sales momentum and have built a record backlog of pre-sold resort real estate. As of the end of August we had closed and firm sales for delivery in fiscal 2004 amounting to $460 million compared with $370 million (for delivery in fiscal 2003) at the same time last year – a 24 per cent increase.

In fiscal 2003, operating income from real estate was $75.0 million compared with $85.1 million in 2002. The shortfall resulted from a slow market for high-end single-family lots in Whistler. In addition, for the first time in many years, construction delays had a negative impact on our annual earnings. One contributing factor to these delays was the very strong North American housing market and its impact on the availability of construction trades and supplies, particularly at our western resorts.

In the past decade we have grown from having active real estate development in just three resort locations to 17 locations today. A year ago, it became clear to us that we had outgrown the organizational structure that had served us well for so long. We needed a new structure that did not require the replication of full development teams for every new project location. Creating new teams was not only inefficient, it also prevented us from applying the wealth of expertise and know-how residing within our existing teams across our resort network.

To address this issue, we undertook a structural reorganization of the division. Today the majority of resort development staff are located in new regional offices in five North American urban centres – Montreal, Vancouver, Orlando, Reno and Denver – and in Lausanne, Switzerland. With this new structure we can more easily share knowledge and expertise across projects and operate more efficiently. We now have the capacity to meet our growth needs and to capture opportunities as other resort owners seek us out for the value we can add to their resorts or businesses.

From 1993 to 2002 we had a record of unbroken increases in real estate profit as we grew from $5 million in profit to $85 million. With this new organizational change now complete we are confident that we will continue this division's trend of growth and profitability.

The Leisura Partnerships – A New Foundation for Growth

Intrawest's success and growing reputation as the world's pre-eminent designer, developer and marketer of resort real estate, and the accompanying opportunities to take on new business, presented us with a pressing question: How do we best manage and finance this growth in our real estate business?

The organizational changes in our real estate division address the management of this growth. The formation in 2003 of the Leisura partnerships represents an innovative solution to the two financial challenges caused by the growth of our real estate business. The first challenge has been the increasing level of our construction debt. During the past five years the working capital invested in our real estate business has grown disproportionately. This is largely due to the construction of an increasing number of larger condo-hotels that tie up more capital for longer periods. By December 2002 the working capital invested in larger projects amounted to approximately $400 million. These working capital requirements for construction are typically financed at higher levels of debt than is customary for operating businesses, which makes it more difficult for investors to compare the company to others in the travel and leisure sector.

The second challenge presented by the growth of real estate activity is that our increased investment in working capital to support real estate projects directly reduces free cash flow (cash flow from continuing operating activities less cash for ski and resort capital expenditures).

The Leisura partnerships were formed with two major institutions, one in Canada and one in the United States. Commencing this year, our larger real estate projects will be acquired by Leisura immediately prior to the start of construction. The partnerships own and finance these projects through construction and sell-out. This structure removes Intrawest's working capital financing requirements while allowing our shareholders to retain a significant share of a project's economics in several ways:

- The sale of land to the Leisura partnership captures the value created through land appreciation and the design approval and pre-sale stages up to the time of sale.
- Fees and commissions are received from the partnerships for development management and sales activities.
- We retain an interest in the profit earned by the partnerships as well as additional incentive participation.

The Leisura partnerships will not take on every Intrawest project. They will focus on the largest, most capital-intensive projects while we will retain the development of single-family lots, smaller townhome projects, fractional projects, Club Intrawest and our European projects that are largely purchaser-financed. As a consequence of the formation of Leisura, our real estate business will show a large reduction in capital requirements accompanied by a relatively modest reduction in total profits.

As the impact of Leisura is reflected in our financial statements through 2004, our shareholders will see a significant reduction in debt and a very large positive free cash flow impact. As projects currently under development that pre-date Leisura are completed the cash received does not have to be reinvested in real estate working capital. Beyond 2004 the positive impact will continue as growth in our construction activity takes place within the new entities and our financial contribution is limited to our equity interest – representing only 10 per cent of the total capital required by a typical project.

For several years we have described Intrawest's transition from net consumer of capital to a generator of free cash flow. Leisura is the turning point that marks the completion of this transformation.

Capitalizing on the Resort Network

One of our fundamental strengths is our resort network. With 11 owned or controlled resorts, and another six village developments, we have a unique opportunity to benefit from economies of scale. We made progress in this regard in 2003 as we standardized various business systems across our resorts including more cost-effective and efficient information technology systems. This has enabled us to do away with legacy systems holding uncertain or limited future value and accordingly we wrote down our investment in these systems in the fourth quarter.

With the introduction of enterprise-wide software we are able to consolidate back-office functions, such as accounting, systems and administration, for multiple resorts at a single location. The consolidation of our Colorado businesses, including Winter Park (which we assumed control of in 2002), Copper Mountain and our resort retail business, provides an example of this capability.

The Evolution Towards Fee-Based Businesses

The creation of the Leisura partnerships is a very large step in the continuing evolution of Intrawest to a less capital-intensive and more fee-based and expertise-based business model. This fee-based segment comprises lodging management, golf management, reservation and travel services, commercial property management, real estate marketing and sales, and real estate development management.

Our movement in this direction is supported by our growing international reputation in three interconnected businesses: 1) development of destination resorts, 2) management of complex, high-volume resort and vacation businesses, and 3) marketing a diverse range of vacation experiences. Each of these businesses will benefit from a growing demand for leisure travel during this decade as the Baby Boomers enter their peak spending years. This demand will be further augmented by the large Echo Boom generation.

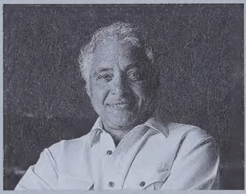
The selection in July 2003 of Vancouver/Whistler as host of the 2010 Winter Olympic Games had an immediate and dramatic impact on Intrawest's reputation. This recognition of Whistler, our flagship resort, has given us tremendous credibility as we deal with major organizations, hospitality companies and other potential business partners. Furthermore, the enhancement of the Whistler brand is positive for this resort and will also offer opportunities to raise the profile of our other resort brands by association.

Intrawest – A Trusted Source for our Customers

Our resorts enjoy a degree of loyalty that is extremely rare. Our mission speaks of creating extraordinary memories again and again; for many of our customers these memories stretch back over many years and, in some cases, over generations. As the range of resort and vacation experiences we offer grows, we have an opportunity to broaden and deepen our relationships with our many customers. Already, a growing number of our customers are visiting multiple Intrawest resorts as they seek out that "Intrawest" resort experience, characterized by the village animation and service quality that have become our trademarks. Members of our vacation ownership club, Club Intrawest, are also discovering a variety of Intrawest resorts, with a new club at our Sandestin Golf and Beach Resort in Florida and another soon to open at Blue Mountain. As we put our stamp on a variety of vacation or leisure products, our customers actively seek them out. It is not uncommon to have one of our ski resort customers – confident in the quality of Intrawest products – ask where the closest Raven golf course is. We believe that Intrawest is uniquely positioned to become the trusted source of a whole range of special vacation experiences for this large group of active and affluent individuals and families.

Outlook

We see the coming year as a watershed year in the evolution of Intrawest. A decade ago we announced our intention to focus solely on the destination resort business. Since then we have assembled an irreplaceable group of resorts and, most importantly, established a world-wide reputation for our expertise in building, managing and marketing the businesses that shape and drive these destination resorts. We are now capitalizing on these strengths with a business model that is less capital-intensive. With reduced capital requirements, earnings growth will not be offset by increases in interest expense and depreciation, or be diluted by issuance of new shares. In fact, we expect to see interest expense decline.



Our shareholders can expect us to enter into additional transactions and business arrangements in the coming months that will accelerate our migration in this direction. To allow our shareholders to better assess our progress in this transition we will reformat our income statement to break out our fee business beginning in the first quarter of fiscal 2004.

In the following section entitled "Fundamentals," we illustrate the strong connection between growth in accommodation at our resorts and growth in visits. The addition of accommodation will continue to act as an engine for revenue growth at our resorts for many years. We currently have 16,000 units available for development at our resorts – the rough equivalent in accommodation of 40,000 hotel rooms. We are well positioned with the right resources, the right organizational structure and the right financial structure to develop this real estate, generating both real estate cash flow and new accommodation to drive our resort operations.

During the past two years, companies in the travel and leisure sector have been tested like never before. The pages ahead discuss the fundamentals that have supported our business through this trying time and those that will drive us forward. What they cannot relay is the invaluable contribution made by more than 20,000 employees across our organization. The people of Intrawest have responded to the challenges we have faced with innovation and hard work. Their commitment is behind our achievements to date and will lead to our successes tomorrow.

At Intrawest, we are moving ahead with confidence. The sources for earnings growth are firmly in place and our business rests on sound fundamentals. In 2004 we fully expect that our financial results will demonstrate that we have completed the transformation of Intrawest and entered a new era with a business model and financial structure that generate cash, support growth and drive shareholder value.

Joe S. Houssian
Chairman, President and Chief Executive Officer

Daniel O. Jarvis
Executive Vice President and Chief Financial Officer

Fundamentals

Strong fundamentals are key to the success and sustainability of any company. At Intrawest, the fundamentals of our business provide stability, resiliency, and a solid platform for the future growth of each of our core business areas – resort operations and the development of village-centered resorts.

The fundamentals of our business are simple.

We control irreplaceable resort assets whose operations are supported by demographics, competitive strength, customer loyalty and real estate growth. Demand for resort properties is driven by limited supply and a demographic segment, the Baby Boomers, that is entering its prime "second-home-buying" years in growing numbers.

Our unrivalled expertise in each of our core businesses is attracting new opportunities to grow our fee-based businesses on a daily basis. Couple this with a more conservative risk profile and we have a business with the capability to grow and a demonstrated ability to withstand a wide range of challenges.

96	140	230	300	342	370	355	479
100	**137**	**233**	**299**	**338**	**368**	**348**	**463**
1996	1997	1998	1999	2000	2001	2002	2003

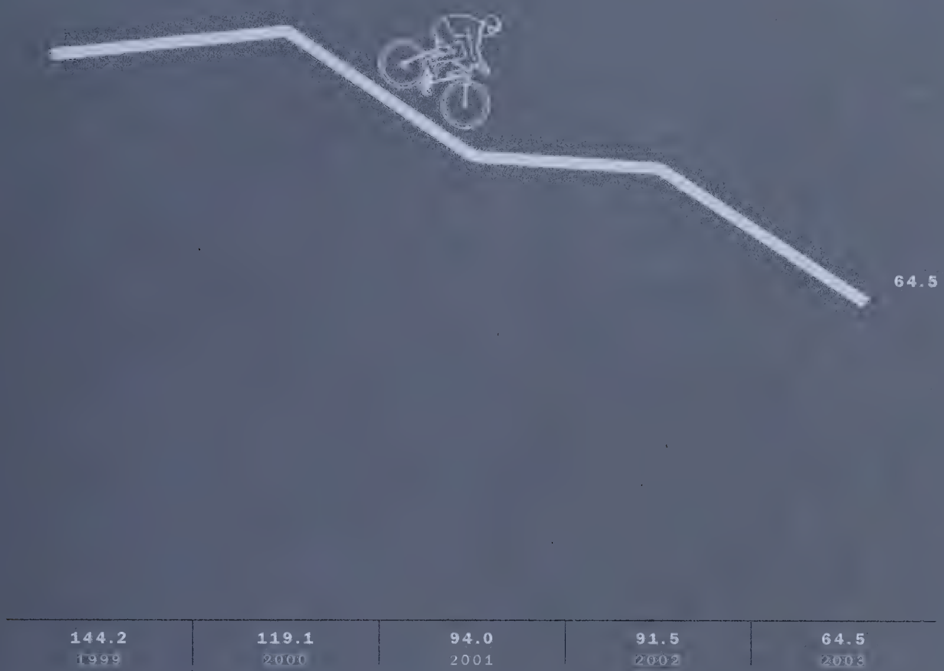
Winter Season Revenue
(US$MILLIONS) ACTUAL — BUDGET

01.
Network of Irreplaceable Resort Assets

There are many reasons why we describe our resort assets as irreplaceable. Some of these are readily apparent: The barriers to entry that secure our competitive position – including land-use restrictions, environmental legislation, a limited number of suitable locations for mountain resort development, and the sizeable investment required to establish a viable destination resort – and the operating efficiencies we derive from our network of 11 resorts and the additional six village developments. Beyond the obvious are the characteristics that make our resorts truly irreplaceable: The once-vacant land at Sandestin in which we saw the now-realized potential for a village that rivals beachfront locations in terms of guest appeal and real estate values; the French Canadian culture that makes Quebec's Tremblant so appealing to millions of visitors from up and down the Eastern Seaboard; and the untapped potential and remarkable natural beauty of Mammoth that will position it alongside Vail and Whistler as a premier North American resort destination.

02.
Extremely Resilient Operations

Since September of 2001, our resorts have experienced one challenge after another including economic recession, unseasonable weather, Severe Acute Respiratory Syndrome, the threat of war, and then war, in Iraq and the perceived threat of terrorism. Despite these challenges, our resorts have held their own in the competition for travel and leisure dollars. On a same-resort basis, ski and resort operations EBITDA grew steadily until the 2001-2002 season. During the past two seasons, resort EBITDA has held steady even though overall consumer spending on travel and leisure has declined. This resiliency is the result of geographic diversity, which mitigates weather risk; the strong regional competitive positions of our resorts; established destination villages that attract guests year round; and proximity to major urban areas. This last feature helped reduce the impact of the chill that fell over air travel following September 11, 2001 (85 per cent of visitors to our resorts drive there from home) and remains important during a period when people are looking for vacation experiences closer to home.



Declining Resort Capital Requirements
(US$MILLIONS)

03.
Declining Resort Capital Requirements

The early stages of village-centered resort development are capital intensive. Facilities must be built or upgraded and residential and commercial real estate construction must take place to provide overnight beds and amenities that bring the resort to life. Since we purchased our first resort, Blackcomb Mountain, in 1986, Intrawest and others have invested hundreds of millions of dollars to build the resort network we have today. Today each of our resorts has moved beyond the most capital-intensive phase in their development. Since 2000, resort capital expenditures have declined while resort visitation has grown. Our resorts are established as regional leaders with superiority in lifts, snowmaking, grooming, and resort amenities. Few mountain resorts in North America can rival the quality and scope of facilities and amenities available at Intrawest resorts today. Vibrant resort villages and outstanding accessibility from major metropolitan markets give our resorts a lasting competitive advantage without requiring additional capital. With capital expenditures in decline and resort profitability increasing, our resort network has established itself as a predictable and growing source of cash flow.

04.
Management and Expertise

In 1994 Intrawest reported combined revenues from resort operations and resort real estate of Cdn. $109 million. Today, under the same senior executive team, we are reporting revenues from resort operations and real estate development of over US$1 billion. In 1994 real estate development was underway at three resorts. Today we're building resort villages in 17 locations. We are now the leading developer of village-centered destination resorts in the world. Endorsement of our expertise exists in our business relationships. We have built hotels in our resorts for leading international hotel companies such as Fairmont, Four Seasons and Starwood (Westin). We were selected by the world's largest ski resort operator, Europe's Compagnie des Alpes, to build a village at Les Arcs, France and by Aspen Skiing Company to build a village in Snowmass at Aspen. In 2002 the City and County of Denver, Colorado entrusted us with the operation and development of its Winter Park Resort. And, in July 2003, the International Olympic Committee chose Whistler Blackcomb, our flagship resort, as a host venue for the 2010 Winter Olympic Games. These relationships speak to the strength of our reputation and management and our unique and extensive expertise and experience in all aspects of resort development and operations.

Market Share Growth
(PERCENTAGE OF NORTH AMERICAN SKIER VISITS)

05.

Growing Base of Loyal Customers

With over eight million skier visits in 2003, our resorts are among North America's most visited. Whistler Blackcomb, with two million visits a year, is the most popular mountain resort on the continent. Our North American market share has grown steadily since the mid-1990s, with 10.7 per cent of skier visits in 2003 compared with 7.8 percent in 1997. Across our resorts, revenue from loyalty products, comprising season passes and frequent-skier cards, grew by 9.2 per cent in 2003 over the prior year and unit sales increased seven per cent in the same period. The activities our resorts offer, including skiing, snowboarding and golf, are among those that engender tremendous loyalty among participants. This enthusiasm for sport, combined with a large homeowner base in each of our resorts, and regionally superior conditions, has given us a database of millions of loyal customers. The 3.5 million customer names in our database represent a tremendous opportunity to introduce our guests to other Intrawest resorts and products offered by the company in resort operations and real estate. These customers in turn are rewarded with consistently high-quality services and experiences, as well as access to products and special offers designed to give them preferential pricing while helping us fill quieter periods.

06.

Financial Structure Allows Real Estate Growth

The Leisura transaction is part of a larger strategy to position Intrawest as a low-risk investment for those seeking a company that will benefit from the demographic and societal trends driving leisure spending. There are four measures of financial risk that we have addressed in the past 24 months:

1. We have reduced the amount of shorter-duration debt in our capital structure by increasing the proportion of long-term public debt. The Leisura transaction moves us further in this direction by substantially reducing the amount of our construction debt, which is all shorter-duration debt.
2. The public debt issuances and the Leisura transaction also reduce our exposure to interest rate fluctuations.
3. The reduction in debt in 2004 resulting from Leisura and the cash flow from our business will reduce the ratio of debt to equity to close to 1.3. We view this as a conservative level for a company such as ours.
4. Lower capital expenditures in our resort operations and the expected growth in income from this division have moved this part of our business to a free cash flow position and we expect this free cash flow to increase. The Leisura transaction

North Americans aged 55-64
(MILLIONS)

puts a structure in place that will cause the real estate business to become a major source of free cash flow, even if the pace of real estate development at our resorts increases.

With these elements in place, we have achieved our objective of creating a more conservative risk profile for Intrawest.

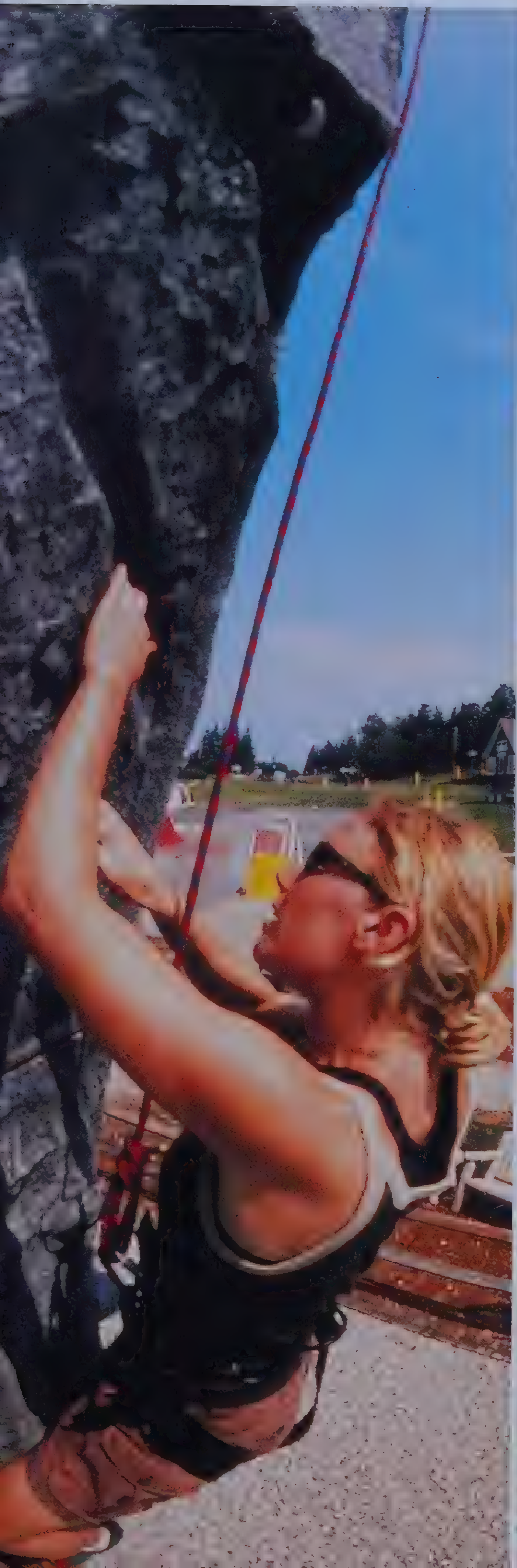
07.

Demographics and Growth in Leisure Spending

Strong and lasting demand for our resort real estate and the popularity of our resorts is supported by North American demographics and an established pattern of growth in consumer spending on recreation. Recreation spending has grown dramatically and consistently for the past 20 years in the U.S., from $129.5 billion in 1981 to $593.9 billion in 2001. Our resorts, which appeal to a variety of demographic segments, are ideally positioned to benefit from this trend and this is reflected in our ability to increasingly diversify resort operations revenue sources beyond lift-ticket sales. On the resort real estate side, demand is supported by the growing proportion of the Baby Boomers, aged 39 to 57 today, entering the prime life stage for buying second homes. Compared with all homeowners, second-home buyers are twice as likely to be ages 55 to 64. These buyers today are high-income, high-asset, middle-age or older couples, who have children nearing adulthood or have no children living at home. Their decisions to purchase resort real estate are driven by several factors. In some cases they are drawn to an investment in resort real estate to round out their portfolios. In others, resort homes provide an important gathering place, where families can reunite in a safe and relaxing environment. Our resorts offer both desirable home-ownership opportunities and the resort amenities that appeal to a wide range of people.

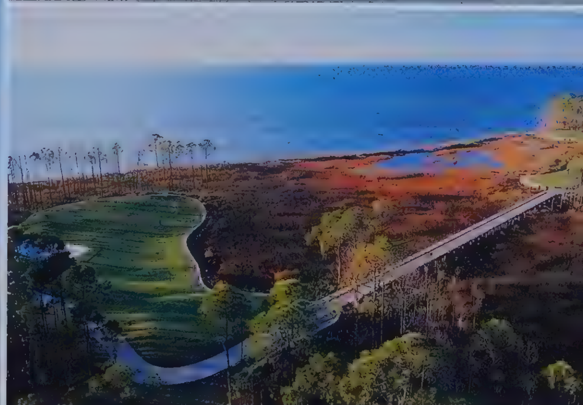
12%

Increase in occupied room nights at Sandestin Golf & Beach Resort over 2002



60%

Percentage of Intrawest's resort operations revenue from sources other than lift ticket sales



3,500

Number of hotel room equivalents added to Intrawest resorts in 2003

Playgrounds

What sets Intrawest apart and propels this company forward is the very fact that we create places where amazing experiences happen: Unique, memorable, ultimately body-and-soul satisfying experiences. Places where extraordinary things happen to individuals from sun up to sun down. Places for families to grow together instead of drift apart. Places that are easy to come back to and hard to leave. Places that speak to the child in us all.

With the encroachment of work into every corner of our waking lives, never before has the notion of play been of greater value. You'll find our resorts by great mountains, crystalline beaches, championship golf courses, pristine lakes, and unforgettable attractions throughout America and now in Europe.

These are the Great Playgrounds of the Western World.

A QUICK LOOK

- Lifts – 191 (61 high-speed)
- Acres of terrain – 20,567 (8,297 hectares)
- Restaurant seats – 30,595
- Lodging units owned or managed – 6,400
- Skier visits – 8.2 million
- Golf rounds played on Intrawest-managed courses – approximately 750,000
- Golf courses owned or managed – 29
- Units for future development – 16,000
- Share of North American skier visits – 10.7%

INTRAWEST'S WORLD

a Intrawest Resorts (operations and village developments)
b Intrawest Village Developments
c Club Intrawest
d Playground (external contracts)
e Intrawest Golf (owned/managed)
f Intrawest Golf (managed)
g RezRez
h Storied Places

NOTE: LOCATIONS AND MAP NOT TO SCALE

OTHER LOCATIONS
LES ARCS, FRANCE b d
KAUAI, HAWAII c
HAWAII, HAWAII e
CABO SAN LUCAS, MEXICO f
CANCUN, MEXICO g
PUERTO VALLARTA, MEXICO g
RIVIERA MAYA, MEXICO g
PUNTA MITA, MEXICO d
MAYAKOBA, MEXICO d
ZIHUATANEJO, MEXICO c
ST. LUCIA g
PROVIDENCIALES, TURKS & CAICOS d

Playgrounds

Intrawest Resorts

BLUE MOUNTAIN
www.bluemountain.ca
COMPETITIVE POSITION:
- Ontario's most popular mountain resort
- Located a 90-minute drive from Toronto (pop. five million)
- Golf course ranked among Canada's top 10

WINTER SEASON:
December through March

GUEST LOYALTY:
- Season Passes sold 2003: 26,000
- Skier visits: 620,000

COPPER MOUNTAIN
www.coppercolorado.com
COMPETITIVE POSITION:
- Locals' favorite in Summit County
- Draws visitors from Colorado's 500,000 Front Range skiers
- 75 miles (120 km) from Denver

WINTER SEASON:
November through mid-April

GUEST LOYALTY:
- Season Passes sold 2003: 28,000
- Frequent-skier cards sold: 77,000
- Skier visits: 1,058,000

MAMMOTH MOUNTAIN
www.mammothmountain.com
COMPETITIVE POSITION:
- 90% of visits come from California (pop. 35 million)
- #1-ranked terrain park in North America (*SKIING* magazine)
- 307 miles (494 km) from Los Angeles

WINTER SEASON:
November through May

GUEST LOYALTY:
- Season Passes sold 2003: 32,000
- Skier visits: 1,375,000

MOUNTAIN CREEK
www.mountaincreek.com
COMPETITIVE POSITION:
- 22 million people live within a 90-minute drive, including 1.3 million skiers and snowboarders
- Ranked #1 for accessibility (*SKI* magazine 2002, 2003)

WINTER SEASON:
Mid-December through April

GUEST LOYALTY:
- Season Passes sold 2003: 24,000
- Frequent-skier cards sold 2003: 35,000
- Skier visits: 357,000

PANORAMA MOUNTAIN VILLAGE
www.panoramaresort.com
COMPETITIVE POSITION:
- Draws visitors from B.C. and Alberta (pop. seven million)
- "Best New Terrain" (*SKIING* magazine 2002)

WINTER SEASON:
November through late-April

GUEST LOYALTY:
- Season Passes sold 2003: 1,800
- Frequent-skier cards sold 2003: 3,000
- Skier visits: 198,000

SANDESTIN GOLF AND BEACH RESORT
www.sandestin.com
COMPETITIVE POSITION:
- Key markets include Atlanta, New Orleans, Dallas and Memphis
- Accessible via three airports – Fort Walton Beach, Panama City and Pensacola
- Recipient of Successful Meetings magazine's Pinnacle Award 2003

SNOWSHOE MOUNTAIN
www.snowshoemtn.com
COMPETITIVE POSITION:
- Draws visitors from Washington D.C., North Carolina, Virginia, West Virginia and Ohio and has a broader market area of 72 million people
- "#1 spring skiing party destination" (*SKIING* magazine 2003)

WINTER SEASON:
Mid-November through mid-April

GUEST LOYALTY:
- Season Passes sold 2003: 1,300
- Frequent-skier cards sold 2003: 218
- Skier visits: 488,000

STRATTON
www.stratton.com
COMPETITIVE POSITION:
- Draws visitors from among the 20 million people who live within a 50-mile radius of New York City.
- #1-ranked terrain park in the East (*SKI* magazine 2002, 2003)

WINTER SEASON:
Mid-November through April

GUEST LOYALTY:
- Season Passes sold 2003: 5,800
- Frequent-skier cards sold 2003: 10,000
- Skier visits: 417,000

TREMBLANT
www.tremblant.ca
COMPETITIVE POSITION:
- 75 miles (120 km) from Montreal's population of 3.3 million
- draws visitors from central and eastern Canada and the northeastern U.S.
- Consistently #1-ranked resort in the East (*SKI* magazine)

WINTER SEASON:
Mid-November through mid-April

GUEST LOYALTY:
- Season Passes sold 2003: 9,000
- Frequent-skier cards sold 2003: 3,000
- Skier visits: 751,000

WHISTLER BLACKCOMB
www.whistlerblackcomb.com
COMPETITIVE POSITION:
- 75 miles (120 km) from Vancouver
- draws visitors from Vancouver and Seattle (pop. five million)
- Established destination resort attracting visitors from around the world
- #1-ranked resort in North America (*SKIING* magazine 2003)

WINTER SEASON:
November through June

GUEST LOYALTY:
- Season Passes sold 2003: 16,000
- Frequent-skier cards sold 2003: 41,000
- Skier visits: 2,112,000

WINTER PARK
www.skiwinterpark.com
COMPETITIVE POSITION:
- 67 miles (108 km) from Denver
- Draws visitors from Colorado's 500,000 Front Range skiers
- #1-ranked resort in North America for moguls (*SKIING* magazine 2002)

WINTER SEASON:
Mid-November through mid-April

GUEST LOYALTY:
- Season Passes sold 2003: 30,000
- Frequent-skier cards sold 2003: 20,000
- Skier visits: 962,000

Intrawest Resort Villages

KEYSTONE RESORT
www.keystonerealestate.com

MONTELAGO VILLAGE
www.montelagovillage.com

THE VILLAGE AT LES ARCS
www.arc1950.com

SNOWMASS VILLAGE

THE VILLAGE AT SOLITUDE
www.villageatsolitude.com

THE VILLAGE AT SQUAW VALLEY USA
www.thevillageatsquaw.com

Financial Results

During the past two years the travel and leisure industry has faced unprecedented challenges. These challenges have had an impact on our financial results. At the same time, they have enabled us to demonstrate the strength and resiliency of our business model and the fundamentals that underpin it.

Management's Discussion and Analysis

(All dollar amounts are in United States currency, unless otherwise indicated)

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements for the year ended June 30, 2003 and accompanying notes included in this annual report. The discussion of our business may include forward-looking statements about our future operations, financial results and objectives. These statements are necessarily based on estimates and assumptions that are subject to risks and uncertainties. Our actual results could differ materially from those expressed or implied by such forward-looking information due to a variety of factors including, but not limited to, our ability to implement our business strategies, seasonality, weather conditions, competition, general economic conditions, currency fluctuations, world events and other risks detailed in our filings with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

COMPANY OVERVIEW

Intrawest is the world's leading operator and developer of village-centered resorts. We have a network of 10 mountain resorts, geographically diversified across North America's major ski regions. Our resorts include Whistler Blackcomb (77% interest) and Panorama in British Columbia, Blue Mountain (50% interest) in Ontario, Tremblant in Quebec, Stratton in Vermont, Snowshoe in West Virginia, Copper and Winter Park in Colorado, Mammoth (59.5% interest) in California and Mountain Creek in New Jersey. We assumed control of Winter Park in December 2002 under a long-term capital lease arrangement. Our resorts hosted 8.2 million skier visits in fiscal 2003, 10.7% of the North American market and the most in the mountain resort industry.

We own and operate one warm-weather resort, Sandestin, in Florida. Our resort assets include 18 golf courses and we also manage an additional 11 golf courses for other owners. We have interests in several other leisure-related businesses, including Alpine Helicopters (45% interest) and the Breeze/Max retail store chain.

We are the largest mountain resort real estate developer in North America. We develop real estate at our resorts and at six third-party owned resorts (five in the United States and one in France). We develop real estate for the purpose of sale and to June 30, 2003 we have closed 10,490 residential units at 15 different resorts.

OPERATING SUMMARY

Our operating results in 2003 were below the expectations we set at the outset of the year. The travel and leisure industry continued to feel the impact of the challenges we faced in 2002, i.e., the slow economy and the aftermath of September 11, and it also had to deal with several unforeseen events, including the war in Iraq and the SARS outbreak.

Income from continuing operations was $34.8 million in 2003 compared with $58.6 million in 2002. The decline was caused primarily by reduced profits from our real estate business and a $12.3 million write-down of technology assets. Until the beginning of March our ski and resort operations were performing well, however concerns over the war in Iraq and the SARS outbreak had a dramatic impact on destination visits to our resorts at a time that has historically been the busiest part of our season. Consequently, in the third and fourth quarters, our ski and resort operations lost the ground they had gained earlier in the season.

In Colorado, real estate sales continued to be slow. In Whistler, we had planned to close the second phase of high-end, high-margin single-family lots at Kadenwood but the market for this product type has temporarily stalled. Notwithstanding these situations, demand for real estate has generally been very strong at our resorts, as evidenced by our record backlog of pre-sales. We will realize the benefit of these pre-sales when they close in 2004 and 2005. Our real estate profits were also impacted by delays in the completion of construction of two projects that pushed closings into fiscal 2004.

The write-down of technology assets resulted from our decision to standardize various business systems across our resorts and reflects the write-off of our investment in redundant systems. We expect to realize both efficiencies and cost savings as a consequence of this decision.

Total Company EBITDA was $209.2 million in 2003, down from $211.2 million in 2002. A reconciliation between earnings reported in our statements of operations and Total Company EBITDA is included in "Additional Information" at the end of this discussion and analysis.

REVIEW OF SKI AND RESORT OPERATIONS

Our ski and resort operations are segregated into two reportable segments: mountain resort operations and warm-weather resort operations. The mountain resort operations comprise all the operating activities at our 10 mountain resorts as well as the operations of Resort Reservations (RezRez), Alpine Helicopters and Breeze/Max Retail. The warm-weather resort operations comprise all the operating activities at Sandestin as well as operations at our five stand-alone golf courses.

The key drivers of the mountain resort operations business are skier visits, revenue per visit and margins. Our strategy to increase skier visits has two main elements: improving the quality of the resort experience by upgrading and expanding the on-mountain facilities and building villages at the base to provide accommodation for destination guests. By expanding the amenities on the mountain and in the village, we are able to broaden the customer mix, extend the length of stay and capture a higher percentage of guest spending, all of which increases revenue per visit. Building the accommodation also allows visits to be spread more evenly during the week and during the season, which improves margins since a significant proportion of operating expenses at a resort are fixed. The key drivers of the warm-weather resort operations business are similar; i.e., golf rounds, revenue per round and margins.

The following table highlights the results of our ski and resort operations.

	2003	2002	CHANGE (%)
Skier visits[1]	7,302,000	6,283,000	16.2
Revenue (Millions)	$ 571.5	$ 485.1	17.8
EBITDA (Millions)	$ 116.7	$ 107.3	8.8
Margin (%)	20.4	22.1	

[1] All resorts are at 100% except Mammoth at 59.5% and Blue Mountain at 50%.

Revenue from ski and resort operations was $571.5 million in 2003 compared with $485.1 million in 2002. Revenue from mountain resorts increased from $424.8 million to $506.5 million while revenue from warm-weather resorts increased from $60.3 million to $65.0 million.

MOUNTAIN RESORTS

On December 23, 2002, we closed on a transaction with the City and County of Denver to operate Winter Park on a long-term lease arrangement. Since the lease gives us control over the resort, for financial reporting purposes Winter Park is treated in the same manner as any of our directly owned resorts. This was an important transaction for us, not only because it adds a quality resort in the largest ski market in North America to our portfolio, but also because of the synergies that it will create with Copper and our other Colorado operations. Winter Park, combined with Copper, gives us an operation with over two million skier visits, similar in scale to Whistler Blackcomb, our most profitable resort. By sharing administrative services, collaborating on marketing initiatives, harmonizing operations and developing new product and service offerings, we expect to realize higher margins than either resort could achieve individually.

The results of Winter Park were consolidated from the closing date and accounted for $33.1 million of the increase in mountain resort revenue and 793,000 of the increase in skier visits. In February 2002 we sold our smallest resort, Mont Ste. Marie, which generated $1.6 million of revenue from 62,000 skier visits in fiscal 2002.

On a same-resort basis (i.e., excluding Winter Park and Mont Ste. Marie) mountain resort revenue increased by 11.8% or $50.1 million due to various factors:

(MILLIONS)	
Increase in skier visits	$ 15.9
Increase in revenue per skier visit	15.2
Increase in non-skier visit revenue	10.8
Impact of exchange rate on reported revenue	8.2
	$ 50.1

Same-resort skier visits increased by 4.6% from 6,221,000 in 2002 to 6,509,000 in 2003, despite the difficult conditions in the travel and leisure sector. Skier visits were higher at every resort except for Whistler Blackcomb, Panorama and Tremblant. Skier visits at our eastern resorts, which experienced excellent early-season conditions, were 18.7% ahead of last year through the first week of March but then declined by 7.5% to the end of the season. The changes were somewhat less significant at our western resorts, being 2.3% ahead through the first week of March and 3.9% below for the balance of the season. The decline in visits after the first week of March came entirely from the destination market as evidenced by the fact that during this period season pass visits increased 24.4%. We estimate that the increase in skier visits increased mountain resort revenue by $15.9 million in 2003.

Same-resort revenue per skier visit increased 4.2% from $55.07 in 2002 (after adjusting for the impact of the improvement in the Canadian dollar exchange rate) to $57.40 in 2003. Revenue per skier visit is a function of ticket prices and ticket yields, and revenue from non-ticket sources such as retail and rental stores, lodging, ski school, and food and beverage services. Ticket yields reflect the mix of ticket types (e.g., adult, child, season pass and group), the proportion of day versus destination visitors (destination visitors tend to be less price-sensitive), and the amount of discounting of full-price tickets in regional markets. Revenue per visit from non-ticket sources is also influenced by the mix of day versus destination visitors, the affluence of the visitor base, and the quantity and type of amenities and services offered at the resort.

Revenue per visit from ticket sales increased 1.4% from $27.60 to $27.99. There was a relative shift in the mix of visits from "paid" visits to season pass visits as we sold 16.6% more season passes and frequency cards in 2003 than 2002 and this tended to lower ticket yields. Over the past several seasons we have deliberately sought to increase season pass and frequency card sales in order to increase pre-committed revenue. Revenue per visit from non-ticket sources increased 7.1% from $27.46 to $29.41. This increase is less than we had expected due to softness in the retail business (which was an industry trend) and lower revenues from ski school and rental due to reduced destination visits after February. Approximately half of the increase in non-ticket revenue per visit came from lodging and property management due to a 12.9% increase in the number of occupied room nights, most notably at Blue Mountain, Stratton and Snowshoe. We estimate that the increase in revenue per visit increased mountain resort revenue by $15.2 million in 2003.

For the purposes of this analysis, non-skier visit revenue comprises revenue from golf and other summer activities and revenue from businesses such as RezRez, Alpine Helicopters and Breeze/Max. Revenue from golf and other summer activities increased 8.1% across the mountain resorts from $39.5 million in 2002 to $42.7 million in 2003. Summer lodging and property management revenue increased 20.1%, led by strong room night growth at Tremblant, Blue Mountain and Snowshoe. Our central reservations business, RezRez, expanded its operations into several new warm-weather destinations, leading to a 40.9% growth in revenue to $13.5 million in 2003. We had expected much higher revenues from RezRez, however increased competition in the on-line travel sector and reduced travel by U.S. customers (which account for over 80% of RezRez's business) significantly reduced bookings. Revenue at Alpine and Breeze/Max increased by 4.0% and 1.1%, respectively. Overall, non-skier visit revenue increased by $10.8 million in 2003.

The reported amount of mountain resort revenue was increased by $8.2 million in 2003 because of the increase in the value of the Canadian dollar against the U.S. dollar. In 2003 revenue from the Canadian resorts was translated for financial statement reporting purposes at an average rate of Cdn.$1.51 to U.S.$1.00 compared with an average rate of Cdn.$1.57 to U.S.$1.00 in 2002.

WARM-WEATHER RESORTS

Revenue from warm-weather resorts increased 7.9% from $60.3 million in 2002 to $65.0 million in 2003. Revenue at Sandestin increased by $6.4 million due mainly to a 12.6% increase in occupied room nights. The opening of the new village at Baytowne Wharf in July 2002 increased the accommodation base at Sandestin and added many new amenities to the resort, driving higher lodging, retail, and food and beverage revenue. The sale of the Sabino Springs golf course in Tuscon in June 2002 reduced warm-weather resort revenue by $3.2 million, however this was partially offset by $1.1 million more revenue from Big Island Country Club in Hawaii, which we acquired in January 2002.

REVENUE BREAKDOWN

The breakdown of ski and resorts operations revenue by business was as follows:

(MILLIONS)	2003 REVENUE	2002 REVENUE	INCREASE (DECREASE)	CHANGE (%)
Mountain operations	$ 228.6	$ 193.3	$ 35.3	18.3
Retail and rental shops	95.9	85.0	10.9	12.8
Food and beverage	74.9	63.0	11.9	18.9
Lodging and property management	81.7	61.0	20.7	33.9
Ski school	37.1	30.4	6.7	22.1
Golf	28.0	29.4	(1.4)	(4.9)
Other	25.3	23.0	2.3	10.3
	$ 571.5	$ 485.1	86.4	17.8

Assuming control of Winter Park in December 2002 increased revenue from mountain operations, retail and rental shops, food and beverage, and ski school by $20.7 million, $3.4 million, $4.8 million and $3.5 million, respectively.

The proportion of revenue from mountain operations has fallen from 49.3% of total ski and resort operations revenue in 1997 to 40.0% in 2003. This trend is likely to continue as we build out the villages at our resorts, expanding the inventory of lodging units and changing the customer mix in favor of destination visitors who spend more on retail and rental, ski school, and food and beverage.

SKI AND RESORT OPERATIONS EXPENSES AND EBITDA

Ski and resort operations expenses increased from $377.8 million in 2002 to $454.9 million in 2003. Mountain resort expenses increased by $71.4 million to $397.3 million while warm-weather resort expenses increased by $5.7 million to $57.6 million.

The net impact of assuming control of Winter Park and selling Mont Ste. Marie increased mountain resort expenses by $19.5 million, leaving same-resort expense growth of $51.9 million. The strengthening of the value of the Canadian dollar increased the reported amount of mountain resort expenses by $6.7 million. The strong start in the East in 2003 compared with a very late start in 2002 impacted our expense growth. In 2002 we had a "vertical" ramp-up at Blue Mountain, Stratton, Snowshoe and Mountain Creek with essentially no pre-Christmas season, resulting in abnormally low costs. By comparison, in 2003 these eastern resorts commenced operations much earlier, ramping up more gradually, resulting in higher costs supported by higher revenues. In addition, the impact of the war in Iraq and SARS occurred in our core-operating month of March and happened suddenly, reducing visits significantly. Since we were uncertain how long the decline in visits would last and how great it would be, we had limited ability to ramp down costs. Overall, increased business volumes at these four eastern resorts during the full 2003 season resulted in a 19.3% increase in operating expenses (equivalent to $13.1 million) and a 22.6% increase in revenues.

The expansion of RezRez into new locations added $10.5 million to ski and resort operations expenses. We had set up an organization and infrastructure at RezRez to deal with a significant expected increase in business volumes. With the majority of bookings typically occurring in the period from October to February, the revenue shortfall was evident too late to institute meaningful cost savings before year-end. We have now heavily downsized and reorganized RezRez to focus on the ski and golf destinations where we have inherent advantages and away from warm-weather destinations. We expect these expense reductions, combined with revenue opportunities from the significant interest we are receiving from other travel providers in the RezRez on-line booking engine, to return this business to profitability.

The increase in warm-weather resort expenses of $5.7 million was almost entirely due to Sandestin and the opening of the new village in July 2002. The revenue growth at Sandestin more than offset the growth in expenses.

EBITDA from ski and resort operations increased from $107.3 million in 2002 to $116.7 million in 2003. EBITDA from the mountain resorts increased from $98.9 million to $109.2 million while EBITDA from the warm-weather resorts declined from $8.4 million to $7.5 million.

On a same-resort basis, mountain resorts EBITDA was $96.8 million in 2003 compared with $98.6 million in 2002. EBITDA from the resorts increased by 8.3%, however this was offset by reduced EBITDA from the non-skier visit businesses, i.e., Alpine, RezRez and the Breeze/Max retail chain.

The decrease in warm-weather resort EBITDA was due mainly to reduced profits from our Arizona golf operations due to the sale of the Sabino Springs golf course last year.

REVIEW OF REAL ESTATE OPERATIONS

We have two real estate divisions – the resort development group and the resort club group. The resort development group develops and sells three main products: condo-hotel units (typically, small village-based units that owners occupy sporadically and put into a rental pool at other times), townhome units (typically, larger units outside the main village core that owners retain for their own use) and single-family lots (serviced land on which owners or other developers build homes). In order to broaden market appeal, condo-hotel and townhome units are sold on the basis of both whole ownership and fractional ownership. Currently most of the fractional product has been quarter-share but a high-end tenth-share project is under construction at Whistler and other fractions are under consideration. The resort club group's business is a flexible form of timeshare where owners purchase points that entitle them to use accommodation at different resorts. The resort club group currently generates less than 10% of our total real estate revenue and hence is not reported as a separate business segment in the financial statements.

Our business strategy for real estate has two major elements: the maximization of profits from the sale of real estate and the provision of accommodation for destination visitors, which represents an earnings annuity for the ski and resort operations. Visitors renting the accommodation generate lodging revenue as well as revenue from purchasing lift tickets or golf fees, food and beverage, and retail.

We recognize real estate sales revenue at the time of "closing," which is when title to a completed unit is conveyed to the purchaser and the purchaser becomes entitled to occupancy. Since our standard practice is to pre-sell our real estate, any proceeds received prior to closing are recorded as deferred revenue in our balance sheet.

The following table highlights the results of the real estate business.

	2003	2002	CHANGE (%)
Units closed	1,239	1,290	(4.0)
Revenue (Millions)	$ 512.7	$ 487.8	5.1
Operating profit (Millions)	$ 75.0	$ 85.1	(11.9)
Margin (%)	14.6	17.4	

Revenue from the sale of real estate increased 5.1% from $487.8 million in 2002 to $512.7 million in 2003. Revenue generated by the resort development group increased from $449.8 million to $472.8 million while revenue generated by the resort club group increased from $38.0 million to $39.9 million.

RESORT DEVELOPMENT GROUP REVENUE

We closed a total of 528 units at the Canadian resorts in 2003 compared with 589 units last year. The average price per unit increased from Cdn.$423,000 in 2002 to Cdn.$436,000 in 2003. We also closed the sale of the majority of our commercial properties at Tremblant in 2003, recognizing revenue of $21.5 million. Currently we have approximately 500,000 square feet of remaining commercial properties at nine different resorts. Our plan is to sell all of these properties in the normal course.

We closed 611 units at the U.S. resorts in 2003 compared with 701 units in 2002. The number of units that close in a particular period is dependent on both transacting sales and the timing of construction completion. We had expected to close more units in 2003, however construction delays, due mainly to difficult site conditions, the complicated building design and construction management issues (see below), were experienced on two projects at Lake Las Vegas and Squaw Valley. The average price per unit was $457,000 at the U.S. resorts in 2003 (after adjusting the number of units for the impact of joint ventures at Keystone and Three Peaks), up from $442,000 in 2002. In 2003 we also closed our first 100 units at Les Arcs in France for proceeds of $31.1 million.

The mix of product types (i.e., condo-hotel, townhome and single-family lot) closed was not materially different in 2003 than in 2002.

During 2003 we reorganized the resort development group from a resort-based structure to a regional structure. We have six regional offices providing development and construction services to 17 different resorts. This structure allows us to share resources between resorts and gives us the critical mass in each region to be able to engage specialized development and construction experts that might be uneconomical for an individual resort. The new structure also strengthens our control systems so that, for example, the construction management issues that affected the completion of two projects in 2003 are less likely to impact our business in the future.

RESORT CLUB GROUP REVENUE

The resort club group generated $39.9 million in sales revenue in 2003, up from $38.0 million in 2002. We had expected stronger revenue growth, however sales were impacted by the slow economy and the uncertainty created by recent world events. This product type is more of a consumer purchase than our resort development group product and confidence is an important factor in the purchase consideration. Furthermore, resort club product does not have the same sense of scarcity as other types of real estate so purchasers are under less pressure to buy.

REAL ESTATE OPERATING PROFIT

Operating profit from real estate sales decreased from $85.1 million in 2002 to $75.0 million in 2003. The profit margin was 14.6% in 2003 compared with 17.4% in 2002. The reduction in margin was due to a number of factors, including:

- The write-off of $3.3 million of costs at Copper in connection with various projects that are on hold pending a strengthening of the Colorado market.
- A write-down of $3.0 million in connection with two projects at Mountain Creek. Sales of these projects had slowed because of an environmental lawsuit (that has now been settled), resulting in increased holding costs. In addition we have projected more conservative sales prices for unsold inventory.
- Lower margins in 2003 for the resort club group. Marketing and sales costs increased to 57% of revenue in 2003 from 48% in 2002 as a result of the difficult market conditions.

Excluding the impact of the factors listed above, the profit margin in 2003 would have been 16.7%.

REAL ESTATE PRE-SALES

At August 31, 2003, we had pre-sold real estate revenue of $460 million that we expect to close in fiscal 2004. This compares with pre-sold revenue this time last year of $370 million for delivery in fiscal 2003. In addition, we have $65 million of pre-sales for delivery in fiscal 2005. This does not include projects that will be undertaken by Leisura (see Liquidity and Capital Resources), which has $260 million of pre-sales for delivery in fiscal 2004 and 2005. Our strategy of pre-selling projects before the start of construction reduces market risk and increases the predictability of real estate earnings.

CAPITALIZATION OF COSTS TO REAL ESTATE

Generally accepted accounting practice for real estate requires that all costs in connection with the development of real estate be capitalized to properties under development and then expensed in the period when the properties are closed and the revenue is recognized. Such costs include land and building costs as well as overhead costs of personnel directly involved in the development, construction and sale of real estate, and interest on debt used to fund real estate costs. The capitalized interest comprises interest on specific real estate debt (i.e., construction financing) and interest on the portion of general corporate debt used to fund real estate development expenditures.

The book value of properties increased from $867.8 million at June 30, 2002 to $1,067.3 million at June 30, 2003. The strengthening of the value of the Canadian dollar from a year-end rate of Cdn$1.52:US$1.00 in 2002 to Cdn$1.35:US$1.00 in 2003 increased the reported book value of properties by $26.3 million. Other factors responsible for the increase include:

- A net increase of $73.3 million in the book value of commercial space resulting from the completion of new properties at Whistler, Mammoth, Sandestin, Squaw Valley, Lake Las Vegas and Blue Mountain and the sale of commercial properties at Tremblant.
- An increase of $26.1 million in the book value of resort club properties mainly due to the new resort club locations under construction at Blue Mountain and Zihuatanejo, Mexico.

The book value of properties to be sold to Leisura was $73.8 million at June 30, 2003. We expect to transfer the majority of these properties in the first two quarters of fiscal 2004.

With the completion and closing of projects currently under construction and with the development of most new projects to take place in Leisura, the book value of our properties is expected to decline significantly in 2004.

RENTAL PROPERTIES

Effective July 1, 2002, we changed our plans for commercial properties. Instead of holding them as long-term revenue-producing investments, existing commercial properties would be sold and commercial properties developed in the future would be developed for the purpose of sale. In 2003 we sold the majority of our commercial properties at Tremblant and we plan to sell our remaining portfolio of commercial properties. Rental revenue and rental expenses relating to these properties were capitalized during 2003. In 2002 rental property revenue of $8.0 million and rental property expenses of $5.0 million were included in the statement of operations.

REVIEW OF CORPORATE OPERATIONS

INTEREST AND OTHER INCOME

Interest and other income was $2.4 million in 2003, up from $1.1 million in 2002 due mainly to dividend income from Compagnie des Alpes (CDA) and higher interest income net of losses on asset disposals.

In July 2002 we sold 55% of our investment in CDA and at the same time ceased to exercise significant influence over CDA's affairs. In 2003 we therefore accounted for CDA on a cost basis, whereas in 2002 we used the equity basis and recorded income from equity accounted investment of $3.9 million. Subsequent to June 30, 2003, we sold the balance of our investment in CDA. Both the sale in July 2002 and the sale subsequent to June 30, 2003 were for proceeds approximately equal to the book value of our investment.

INTEREST COSTS

Interest expense increased from $43.1 million in 2002 to $47.1 million in 2003. We incurred total interest costs (including financing fees and amortization of deferred financing costs) of $102.9 million in 2003 compared with $83.4 million in 2002. The increase was due mainly to interest on the $137-million 10.5% senior unsecured notes issued in October 2002, partially offset by interest on the Cdn. $125-million 6.75% unsecured debentures repaid in December 2002. In addition we had higher construction loan interest due to increased construction activity and the Winter Park capital lease added $2.2 million of interest. In total, $55.5 million of this interest was capitalized to properties under development, $14.9 million of which was subsequently expensed in 2003 when the properties were closed.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense increased from $65.4 million in 2002 to $67.5 million in 2003. The increase was due mainly to assuming control of Winter Park.

GENERAL AND ADMINISTRATIVE COSTS

All general and administrative (G&A) costs incurred by our resorts in connection with the ski and resort operations business are included in ski and resort operations expenses. Similarly, G&A costs incurred in the development of real estate are initially capitalized to properties, and then expensed to real estate costs in the period when the properties are closed. Corporate G&A costs, which mainly comprise executive employee costs, public company costs, audit and legal fees, corporate information technology costs and head office occupancy costs are disclosed as a separate line in the statement of operations. The breakdown of G&A costs for 2003 and 2002 was as follows:

(MILLIONS)	2003	PROPORTION (%)	2002	PROPORTION (%)
Corporate G&A costs	$ 14.9	12.6	$ 12.2	11.1
G&A expenses of ski and resort operations business	65.1	55.2	55.9	50.8
Previously capitalized G&A costs expensed in real estate cost of sales	16.5	14.0	15.4	14.0
Total G&A costs expensed during the year	96.5	81.8	83.5	75.9
Net G&A costs of real estate business capitalized to properties	21.5	18.2	26.6	24.1
Total G&A costs incurred during the year	$ 118.0	100.0	$ 110.1	100.0

Corporate G&A costs increased from $12.2 million in 2002 to $14.9 million in 2003 due mainly to higher compensation and pension costs, and increased insurance, legal and audit expenses. Including the G&A costs of our operations and real estate divisions, we expensed 81.8% of general and administrative expenses in 2003 compared with 75.9% in 2002.

WRITE-DOWN OF TECHNOLOGY ASSETS

When we acquired our network of resorts we inherited many different information technology (IT) systems. This impeded our ability to share information and build synergies across resorts. Where we introduced new IT systems, we used a standardized approach, however we recognized that we needed to move to greater standardization of legacy IT systems. During the fourth quarter of 2003 we therefore wrote off $9.1 million of IT systems that we plan to replace. Furthermore, in 2003 we reorganized and downsized RezRez, our central reservations business. RezRez had expanded into several warm-weather destinations but the expansion was not successful. We therefore decided to abandon these locations to focus on our core ski destinations. In light of this, we reviewed the value of RezRez assets and took a write-down of $3.2 million for various of its IT assets in the fourth quarter.

INCOME TAXES

We provided for income taxes of $6.2 million in 2003 compared with $9.5 million in 2002. This equates to an effective tax rate of 12.0% in both years. Note 13 to the consolidated financial statements provides a reconciliation between income tax at the statutory rate (38.0% and 41.2%, respectively, in 2003 and 2002) and the actual income tax charge.

NON-CONTROLLING INTEREST

We have a 23% limited partner in the two partnerships that own Whistler Blackcomb. The results of the two partnerships are fully consolidated with the outside partner's share of earnings shown as non-controlling interest. Non-controlling interest decreased from $11.7 million in 2002 to $11.3 million in 2003, reflecting reduced ski and resort operations earnings due to the slow start to the season and the impact of the war in Iraq and SARS on business, primarily in March.

DISCONTINUED OPERATIONS

Our consolidated financial statements disclose the results of our non-resort real estate business as discontinued operations. The discontinued operations incurred a loss of $0.6 million in 2003 compared with a loss of $0.1 million in 2002. Losses (or net income) from discontinued operations accrue to the holders of the non-resort preferred ("NRP") shares and any cash flows generated by the discontinued operations are paid to the NRP shareholders to redeem their shares. In December 2002 the discontinued operations were wound up and all the remaining NRP shares were redeemed.

LIQUIDITY AND CAPITAL RESOURCES

Generating free cash flow continues to be a high priority for us. Free cash flow does not have a standardized meaning prescribed by generally accepted accounting principles ("GAAP"). We calculate it as follows:

(MILLIONS)	2003	2002
Cash provided by (used in) continuing operating activities[1]	$ (26.6)	$ 5.7
Investment in ski and resort operations assets ("capex")	(64.5)	(91.5)
Free cash flow	$ (91.1)	$ (85.8)

[1] A reconciliation between net earnings as determined by Canadian GAAP and cash provided by (used in) continuing operating activities is shown in the Consolidated Statements of Cash Flows.

In 2003 our results showed negative free cash flow of $91.1 million compared with negative free cash flow of $85.8 million in 2002. We had expected positive free cash flow in 2003, however the slowdown in the travel and leisure sector, made worse by concerns over the war in Iraq and SARS, reduced operating cash flow from our ski and resort operations businesses. Cash flow from our real estate business was impacted by delayed completions of some projects and slow sales in Colorado, although generally demand for our products has been robust. On the positive side we reduced resort capex to about $65 million, significantly below prior years, and we sold some non-core assets.

Over the past few years, as we started to build out our villages and install infrastructure, our real estate business has been a significant user of cash. In both 2003 and 2002 we were free cash flow positive before making investments to grow our real estate business. During 2003 we implemented a strategy – the Leisura partnerships – that will allow us to both reduce the capital required for real estate and to grow the business.

We are also focused on increasing cash flow from our ski and resort operations businesses. We have a number of initiatives at our resorts to increase revenue (e.g., customer relationship management (CRM) and E-commerce programs, more packaging of services and maximizing sales channels) and to reduce costs (e.g., shared-services model in Colorado and elsewhere, downsizing of RezRez and eliminating discretionary expenses). Given the strong competitive position of our resorts, we do not need to invest as much in capex as we did in 2002 and prior years. We expect future resort capex requirements to remain close to 2003 levels (at approximately the same amount as depreciation and amortization expense). We also plan to grow our fee-based businesses (e.g., golf course and lodging management) and we can do this by investing minimal capital.

We expect to generate free cash flow in fiscal 2004 and to use it to repay debt.

LEISURA PARTNERSHIPS

In 2003 we entered into two partnerships (one in Canada and one in the U.S., collectively referred to as "Leisura") that will have a significant impact on our capital structure and our capital requirements for real estate. Leisura is intended to carry out the ownership and financing of the bulk of our real estate production. By selling the bulk of our production-phase real estate to separate and independent entities we achieve several objectives, including:

- Significantly reducing the capital requirements needed to support the real estate business.
- Significantly reducing debt levels.
- Limiting our exposure to the risks of the production-phase real estate business.
- Implementing separate and appropriate capital structures for our resort business and our real estate business.

We will continue to undertake some development activity on our own account outside of the Leisura structure. This includes smaller townhome projects and single-family lots, which are not as capital intensive as condo-hotel and larger townhome projects, as well as resort club and fractional projects. In addition, we will carry out all development activity at certain resorts (e.g., Snowmass because it is a joint venture development or Les Arcs because construction is primarily purchaser-financed).

Intrawest is a minority partner in Leisura and we will account for our investment in Leisura on an equity basis. We will continue to identify land parcels for development and complete the master planning, project design and pre-sales process for all future real estate projects. Once a project has reached set pre-sale targets and construction is about to commence, Leisura will acquire the land parcels for the project from us at fair market value. By December 31, 2003, Leisura is expected to acquire land parcels for about 10 projects at seven resorts (none had been transferred at June 30, 2003). In future years, we expect to carry out the bulk of the real estate production at our resorts in a similar fashion. There is no guarantee, however, that Leisura will acquire more land parcels from us in future years. For the projects that are sold to Leisura, we will provide development management services on a fee basis.

The Leisura partnerships have sufficient capital to be strong credit-worthy entities that can comfortably finance and carry out their business on a freestanding basis. Construction financing will be secured by the projects with recourse only to Leisura.

The formation of Leisura will result in a significant reduction in our net debt in 2004. We will recover the bulk of our investment in projects currently under construction as they are completed over the next 12 months and our capital expenditures to support this part of our real estate business in future will be limited to our investment in Leisura. The difference between the large amount of capital recovered from current projects as they complete (approximately 80% of the units in these projects are pre-sold) and the much smaller investment in Leisura will generate significant cash flow that will be used to reduce debt.

CASH FLOWS IN 2003 COMPARED WITH 2002

The major sources and uses of cash in 2003 and 2002 are summarized in the table below. This table should be read in conjunction with the Consolidated Statements of Cash Flows, which are more detailed as prescribed by GAAP.

(MILLIONS)	2003	2002	CHANGE
Funds from continuing operations	$ 122.8	$ 128.6	$ (5.8)
Acquisitions, resort capex and other investments	(39.4)	(107.1)	67.7
Net cash flow from other net assets	14.6	44.3	(29.7)
Funds available before net investment in real estate	98.0	65.8	32.2
Net investment in real estate developed for sale	(163.8)	(163.2)	(0.6)
Net cash flow from operating and investing activities	(65.8)	(97.4)	31.6
Net financing inflows	115.9	87.7	28.2
Increase (decrease) in cash	$ 50.1	$ (9.7)	$ 59.8

Funds from continuing operations generated $122.8 million of cash flow in 2003, down from $128.6 million in 2002 as reduced real estate profits and increased interest and G&A expenses were partially offset by higher EBITDA from ski and resort operations.

Acquisitions, resort capex and other investments used $39.4 million of cash in 2003, down from $107.1 million in 2002. Acquisitions and resort capex used $6.0 million and $26.9 million, respectively, less cash in 2003 than 2002 while proceeds from asset disposals, net of other investments, generated $34.8 million more cash in 2003 than 2002.

Assuming control of Winter Park used $2.8 million cash in 2003 as the majority of the purchase price was financed through a capital lease. In 2002 we had acquired Big Island Country Club in Hawaii for a cash payment of $8.9 million. We do not plan to invest significant capital in acquisitions in the near term. We will continue to seek opportunities to expand our businesses but do so in ways (e.g., engaging in management contracts or entering joint ventures) that limit our capital requirements.

We spent $64.5 million on resort capex in 2003, down from $91.5 million in 2002. Each year we spend $25 million to $30 million on maintenance capex at our resorts. Maintenance capex is considered non-discretionary (since it is required to maintain the existing level of service) and comprises such things as snow grooming machine or golf cart replacement, snowmaking equipment upgrades and building refurbishments. Expansion capex (e.g., new lifts or new restaurants) is considered discretionary and the annual amount spent varies year by year. We expect maintenance and expansion capex to be approximately the same in 2004 as in 2003.

Proceeds from non-core asset sales (mainly 55% of our investment in Compagnie des Alpes and employee housing units at Whistler Blackcomb) net of new investments generated $28.0 million of cash in 2003. Subsequent to year-end we sold the balance of our investment in Compagnie des Alpes for $12.5 million. In 2002 we sold Mont Ste. Marie and Sabino Springs golf course but these sales were offset by new investments, resulting in a net investment in other assets of $6.7 million. We have identified other non-core assets for disposal and we will continue our program of selling these assets in the future.

Other net assets provided cash of $14.6 million in 2003 compared with $44.3 million in 2002. This represents the cash flow from changes in receivables, other assets, payables and deferred revenue.

Our businesses provided cash flow of $98.0 million in 2003 compared with $65.8 million in 2002, before net new investments in real estate. We invested $163.8 million in real estate in 2003, approximately the same as in 2002. We had expected our net investment to be lower in 2003, however the construction delays at Squaw Valley and Lake Las Vegas and slower transfers of properties to Leisura delayed cost recoveries until fiscal 2004. We expect to recover a portion of our investment in real estate in fiscal 2004 as units currently under construction are completed and closed and new real estate production moves to Leisura.

In total, our operating and investing activities used $65.8 million of cash in 2003, down from $97.4 million in 2002. We also paid $12.0 million and $11.3 million, respectively, in 2003 and 2002 for dividends to our shareholders and distributions to the limited partner in Whistler Blackcomb and we expect these payments to be approximately the same in 2004. Amounts paid to redeem and repurchase NRP shares were $6.7 million in 2003 and $0.4 million in 2002. We have now redeemed all the NRP shares. Net borrowings of $129.9 million and $46.3 million in 2003 and 2002, respectively, as well as proceeds of share issuances of $4.8 million and $53.0 million in 2003 and 2002, respectively, funded these cash flows.

DEBT AND LIQUIDITY POSITION

At June 30, 2003, we had net debt (i.e., bank and other indebtedness net of cash) of $1,134.1 million compared with $979.2 million at June 30, 2002. Part of the increase in net debt was due to the strengthening of the Canadian dollar, particularly in the fourth quarter. The change in the exchange rate from Cdn$1.52:US$1.00 at last year end to Cdn$1.35:US$1.00 at this year end increased the reported amount of Canadian dollar-denominated debt by $39.9 million at June 30, 2003.

As discussed above, we expect to generate significant free cash flow in fiscal 2004 and to reduce net debt. We are confident that we can achieve this objective because of the Leisura transaction and the current high level of pre-sales of real estate that is being completed within Intrawest. Not only does the Leisura transaction significantly reduce our capital requirements for real estate but it also reduces the risk that delays in construction completion will result in higher debt balances because these debt balances are obligations of Leisura, not Intrawest.

Over half of our bank and other indebtedness ($658.4 million) at June 30, 2003 is not due for repayment until after 2008. With respect to the balance of our bank and other indebtedness, $287.2 million is due to be repaid in fiscal 2004 of which $229.1 million, or approximately 80%, relates to construction financing that is covered more than 100% by real estate pre-sales. As these projects close, we will repay the construction loans as well as other debt. Our senior credit facility, which had a balance of $240.2 million at year-end, is due in fiscal 2005 and we expect to renew this facility on maturity.

We have a number of revolving credit facilities to meet our short-term capital needs. These include a $365-million facility at the corporate level, of which $240 million was drawn at June 30, 2003. In addition, several of our resorts have lines of credit in the range of $5 million to $10 million each to fund seasonal cash requirements. Since Leisura will be undertaking most of the future real estate development, we have not renewed the three revolving credit facilities that we had last year for real estate construction. Instead we will finance any projects that we develop through one-off project-specific loans. We believe that these credit facilities, combined with cash on hand and internally generated cash flow, are adequate to finance all of our normal operating needs.

BUSINESS RISKS

We are exposed to various risks and uncertainties in the normal course of our business that can cause volatility in our earnings. Our ski and resort operations and real estate businesses are managed to deal with risks that are common to most companies; i.e., the risks of severe economic downturn, competition and currency fluctuations, and the more industry-specific risks of unfavorable weather conditions, seasonality of operations and development issues.

ECONOMIC DOWNTURN

A severe economic downturn could reduce spending on resort vacations and weaken sales of recreational real estate.

Our results in both 2003 and 2002 (years that saw a significant slowdown in the economy) provide evidence of our ability to deal with an economic downturn. Ski and resort operations EBITDA for 2003 and 2002 were only 3.7% and 0.9%, respectively, below our record EBITDA in 2001, on a same-resort basis. There are two main reasons for this:

- The strong competitive position of each of our resorts due to the villages at their base and the quality of their on-mountain facilities. This has also created a loyal customer base that is strongly committed to our resorts.
- The profile of our customer base, who have incomes well above the national average and are therefore less likely to have their vacation plans impacted by a recession.

Real estate developers face two major risks from an economic downturn: land risk and completed inventory risk. Land risk arises when land is purchased with debt and economic conditions deteriorate resulting in higher holding costs and reduced profitability, or worse, loan defaults and foreclosure. We have reduced our land risk by generally acquiring land at low cost with the purchase of a resort or by securing land through options and joint ventures. Completed inventory risk arises when completed units cannot be sold and construction financing cannot be repaid. Often this risk arises because many developers are supplying units to the market and since we control most of the supply at our resorts, this risk is reduced. We have also mitigated this risk by pre-selling a significant portion of units prior to commencement of, and during, construction.

COMPETITION

The mountain resort industry has significant barriers to entry (e.g., very high start-up costs, significant environmental hurdles) that prevent new resorts from being created. Competition therefore is essentially confined to existing resorts. Our resorts compete for destination visitors with other mountain resorts in Canada, the United States, Europe and Japan, and with other leisure industry companies, such as cruise lines. They also compete for day skiers with other ski areas within each resort's local market area. Skier visits in North America have been relatively static over the past 10 years, which has increased competition between resort owners.

Our strategy has been to acquire resorts that have natural competitive advantages (e.g., in terms of location, vertical drop and quality of terrain) and to enhance those advantages by upgrading the facilities on the mountain and building resort villages at the base. Our principal strength compared with industry competitors is our ability to combine expertise in resort operations and real estate development, particularly in building master-planned resort villages. Increasingly the village has become the dominant attraction in generating visits to a resort.

We own substantially all of the supply of developable land at the base of our resorts and hence competition in real estate is somewhat restricted. Expertise in all aspects of the development process, including resort master-planning, project design, construction, sales and marketing, and property management also gives us a distinct competitive advantage.

CURRENCY FLUCTUATIONS

Over the past several years our Canadian resort operations have benefited from the lower Canadian dollar relative to other currencies, and particularly against the U.S. dollar. This has made vacationing in Canada more affordable for foreign visitors and it has encouraged Canadians to vacation at home. A significant shift in the value of the Canadian dollar, particularly against its U.S. counterpart, could impact earnings at Canadian resorts.

We finance our U.S. assets with U.S. dollar debt and our Canadian assets with Canadian dollar debt. Generally we service debt with revenue denominated in the same currency. In addition, cash flow generated by Canadian operations is generally retained in Canada and invested in expanding our Canadian assets. Similarly cash flow generated at our U.S. resorts is generally reinvested in the United States. Cross-border cash transactions and currency exchanges are kept to a minimum.

Since we report earnings in U.S. dollars but our income is derived from both Canadian and U.S. sources, we are exposed to foreign currency exchange risk in our reported earnings. Revenues and expenses of our Canadian operations will be impacted by changes in exchange rates when they are reported in U.S. dollars. We estimate that a 10% increase in the average value for the fiscal year of the Canadian dollar relative to the U.S. dollar would result in a 5% increase in our reported net income, while a 10% decline in the average value of the Canadian dollar would result in a 4% decrease in our reported net income. The impact of Canadian/U.S. dollar exchange rate changes on the balance sheet are reflected in the foreign currency translation amount included in shareholders' equity and does not affect reported earnings.

UNFAVORABLE WEATHER CONDITIONS

Our ability to attract visitors to our resorts is influenced by weather conditions and the amount of snowfall during the ski season.

We manage our exposure to unfavorable weather in three ways: by being geographically diversified, by seeking to spread visits to our resorts as evenly as possible through the season and by investing in snowmaking. Geographically diversified companies like ours can reduce the risk associated with a particular region's weather patterns. Every ski season since 1995, favorable and unfavorable weather conditions at different times across North America have offset one another, allowing us to come within 3% of our budgeted winter season ski and resort operations revenue on a same-resort basis. The more a resort can attract visitors evenly through the season the less vulnerable it is to unfavorable weather at a particular time. We seek to spread visits to our resorts by marketing to destination visitors who book in advance, stay several days and are less likely than day visitors to change their vacation plans, and by attempting to increase visits mid-week and at non-peak times. Investing in snowmaking also mitigates the impact of poor natural snow conditions. Snowmaking is particularly important in the East due to the number of competing resorts and less reliable snowfall. We have an average of 92% snowmaking coverage across our five eastern resorts.

SEASONALITY OF OPERATIONS

Ski and resort operations are highly seasonal. In fiscal 2003, 67% of our ski and resort operations revenue was generated during the period from December to March. Furthermore during this period a significant portion of ski and resort operations revenue is generated on certain holidays, particularly Christmas/New Year, Presidents' Day and school spring breaks, and on weekends. Conversely, Sandestin's peak operating season occurs during the summer months, partially offsetting the seasonality of the mountain resorts. Our real estate operations tend to be somewhat seasonal as well, with construction primarily taking place during the summer and the majority of sales closing in the December to June period. This seasonality of operations impacts reported quarterly earnings. The operating results for any particular quarter are not necessarily indicative of the operating results for a subsequent quarter or for the full fiscal year.

We have taken steps to balance our revenue and earnings throughout the year by investing in four-season amenities (e.g., golf) and growing summer and shoulder-season businesses. As a result of these initiatives, the proportion of ski and resort operations revenue earned outside the historically strong third fiscal quarter has increased to 45.2% in 2003 from 32.7% in 1997.

DEVELOPMENT ISSUES

As a real estate developer we face the following industry-specific risks:

- Zoning approvals or project permits could be withheld.
- Construction and other development costs could exceed budget.
- Project completion could be delayed.
- Purchasers could fail to close.

Our experience in resort master planning equips us to deal with municipal approval agencies. In addition, our approach of consulting with all community stakeholders during the planning process helps to ensure that we run into less resistance at public hearings.

We are not in the construction business – we engage general contractors to construct our real estate projects. Having fixed-price contracts with completion penalties reduces our exposure to cost overruns and construction delays. As our experience showed this year, some construction delays are inevitable in the real estate business, particularly given the location and variable weather conditions at our mountain resorts, however we do not anticipate that they would have a material impact on our earnings in any particular year.

Our pre-sales contracts require purchasers to put down 20% deposits, i.e., generally in the range of $50,000 to $150,000, which they forfeit if they do not close. Historically very few purchasers have failed to close.

Leisura rather than Intrawest is at risk for cost overruns, completion delays and purchaser contract defaults on any project that it purchases. We continue to be at risk for zoning and permit approvals since these approvals must be in hand before projects are sold to Leisura.

There is a risk that Leisura will not purchase land parcels from Intrawest in future years. The Leisura partners have, however, expressed a strong interest in extending their involvement in future years and we expect them to do so. In the event that the current partners decide not to participate in future projects we believe we will be able to identify alternative investors.

WORLD EVENTS

World events such as the terrorist attacks on September 11, 2001, the war in Iraq and the SARS outbreak disrupt domestic and international travel and reduce visits, or change the mix of visits, to our resorts. Often these types of events happen suddenly and cannot be prepared for. As we have shown over the past two years, we have been less impacted by these events than many other leisure and hospitality companies due to the high degree of commitment of our customers (e.g., as season pass holders or property owners), the significant proportion of our visitors who drive to our resorts (approximately 85% of all resort visits) and our ability to communicate with our database of customers and market products to them.

CRITICAL ACCOUNTING POLICIES

This discussion and analysis is based upon our consolidated financial statements, which have been prepared in accordance with GAAP in Canada. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies. These estimates and judgments are based on factors that are inherently uncertain. On an ongoing basis, we evaluate our estimates based on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual amounts could differ from those based on such estimates and assumptions.

We believe the following critical accounting policies call for management to make significant judgments and estimates.

USEFUL LIVES FOR DEPRECIABLE ASSETS Ski and resort operations assets and administrative furniture, computer equipment, software and leasehold improvements are depreciated using both the declining balance and straight-line basis (depending on the asset category) over the estimated useful life of the asset. Assets may become obsolete or require replacement before the end of their estimated useful life in which case any remaining undepreciated costs must be written off.

FUTURE NET CASH FLOWS FROM PROPERTIES **Properties under development and held for sale, which totaled $1,067.3 million at June, 30, 2003, are recorded at the lower of cost and net realizable value. In determining net realizable value it is necessary, on a non-discounted basis, to estimate the future cash flows from each individual project for the period from the start of land servicing to the sell-out of the last unit. This involves making assumptions about project demand and sales prices, construction and other development costs, and project financing. Changes in our assumptions could affect future cash flows from properties leading to reduced real estate profits or potentially property write-downs.**

RECOVERABILITY OF AMOUNTS RECEIVABLE **At June 30, 2003, amounts receivable totaled $203.6 million. We regularly review the recoverability of amounts receivable and record allowances for any amounts that we deem to be uncollectible. Disputes with our customers or changes in their financial condition could alter our expectation of recoverability and additional allowances may be required.**

VALUE OF FUTURE INCOME TAX ASSETS AND LIABILITIES **In determining our income tax provision, we are required to interpret tax legislation in a variety of jurisdictions and to make assumptions about the expected timing of the reversal of future tax assets and liabilities. In the event that our interpretations differed from those of the taxing authorities or that the timing of reversals is not as anticipated, the tax provision could increase or decrease in future periods.**

At June 30, 2003, we had accumulated $117.2 million of non-capital loss carryforwards which expire at various times through 2023. We have determined that it is more likely than not that the benefit of these losses will be realized in the future and we have recorded future tax assets of $35.8 million related to them. If it is determined in the future that it is more likely than not that all or a part of these future tax assets will not be realized, we will make a charge to earnings at that time.

OUTLOOK

As we move into fiscal 2004 we are focused on two primary financial objectives – to improve profitability and returns on capital from our existing businesses and to generate free cash flow.

Our goal is to increase profits in the ski and resort operations business by both growing revenue and containing costs. As we build more accommodation in our villages we will open up revenue-generating opportunities in lodging management and indirectly in our other businesses. We intend to utilize our capability in CRM and direct marketing to increase occupancy levels. Given the shortened booking window, these programs have the advantage that they can be introduced quickly and, since they are targeted to existing customers and good prospects, their rate of success is enhanced. They are also more cost-effective than other marketing programs.

We expect to reduce costs at our resorts by capitalizing on our network to take advantage of economies of scale. Standardized processes and technology will allow us to consolidate operations. The consolidation of our Colorado businesses in fiscal 2004 is the first step. Since new capex for ski and resort operations is expected to remain at about the same level as annual depreciation, these revenue growth and cost containment initiatives are expected to lead to a higher return on capital.

Our new organizational structure for the real estate development group is expected to improve our efficiency and our control, leading to stronger real estate margins in the future. This structure also facilitates growth since resources for multiple resorts are pooled.

As we assembled and improved our network of resorts we were significantly cash flow negative. We are now moving to a less capital-intensive business model with lower capital expenditures for our resorts and reduced infrastructure spending for real estate. We are also focused on growing our fee-based businesses (e.g., lodging, golf course and reservations management), which require minimal capital investment. We expect the Leisura transaction to produce free cash flow from our real estate business in fiscal 2004. This will occur as we recover the book value of current projects, and expenditures for the most capital-intensive projects in the future are restricted to our investment in Leisura. As we generate free cash flow we expect to pay down debt and improve our credit ratios.

ADDITIONAL INFORMATION

The term EBITDA does not have a standardized meaning prescribed by GAAP and may not be comparable to similarly titled measures presented by other publicly traded companies. A reconciliation between net earnings as determined in accordance with Canadian GAAP and Total Company EBITDA is presented in the table below.

(MILLIONS)	YEAR ENDED JUNE 30 2003	2002
Income before tax	$ 52.3	$ 79.8
Depreciation and amortization	67.5	65.4
Interest expense	47.1	43.1
Interest in real estate costs	32.4	27.9
Write-down of technology assets	12.3	—
Interest and other income	(2.4)	(5.0)
Total Company EBITDA	$ 209.2	$ 211.2

QUARTERLY FINANCIAL SUMMARY

(in millions of dollars, except per share amounts)

	2003 QUARTERS 1ST	2ND	3RD	4TH	2002 QUARTERS 1ST	2ND	3RD	4TH
Total revenue	$ 112.7	$ 208.0	$ 402.6	$ 363.3	$ 93.7	$ 231.4	$ 342.1	$ 318.8
Income (loss) from continuing operations	(11.1)	3.4	56.8	(14.3)	(9.8)	6.0	56.2	6.2
Results of discontinued operations	0.0	(0.6)	0.0	0.0	0.2	(0.1)	0.0	(0.1)
Net income (loss)	(11.1)	2.8	56.8	(14.3)	(9.6)	5.9	56.2	6.0
PER COMMON SHARE:								
Income (loss) from continuing operations								
Basic	(0.23)	0.07	1.20	(0.30)	(0.22)	0.14	1.28	0.14
Diluted	(0.23)	0.07	1.19	(0.30)	(0.22)	0.14	1.25	0.13
Net income (loss)								
Basic	(0.23)	0.07	1.20	(0.30)	(0.22)	0.14	1.28	0.14
Diluted	(0.23)	0.07	1.19	(0.30)	(0.22)	0.14	1.25	0.13

Management's Responsibility

The consolidated financial statements of Intrawest Corporation have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the preparation and presentation of the information contained in the consolidated financial statements. The Company maintains appropriate systems of internal control, policies and procedures that provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for preparation of financial statements.

The Company's independent auditors, KPMG LLP, have been appointed by the shareholders to express their professional opinion on the fairness of the consolidated financial statements. Their report is included below.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee which is composed entirely of outside directors. This committee reviews the consolidated financial statements and reports to the Board of Directors. The auditors have full and direct access to the Audit Committee.

Joe S. Houssian
Chairman, President and Chief Executive Officer
SEPTEMBER 2, 2003

Daniel O. Jarvis
Executive Vice President and Chief Financial Officer

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Intrawest Corporation as at June 30, 2003 and 2002 and the consolidated statements of operations, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Vancouver, Canada
SEPTEMBER 2, 2003

Consolidated Statements of Operations

For the years ended June 30, 2003 and 2002
(In thousands of United States dollars, except per share amounts)

	2003	2002
REVENUE:		
Ski and resort operations	$ 571,527	$ 485,142
Real estate sales	512,695	487,775
Rental properties	—	8,038
Interest and other income	2,417	1,115
Income from equity accounted investment	—	3,901
	1,086,639	985,971
EXPENSES:		
Ski and resort operations	454,861	377,801
Real estate costs	437,690	402,700
Rental properties	—	4,963
Interest (note 16)	47,142	43,072
Depreciation and amortization	67,516	65,434
Corporate general and administrative	14,889	12,175
Write-down of technology assets (note 8(b))	12,270	—
	1,034,368	906,145
Income before undernoted	52,271	79,826
Provision for income taxes (note 13)	6,243	9,549
Income before non-controlling interest and discontinued operations	46,028	70,277
Non-controlling interest	11,274	11,675
Income from continuing operations	34,754	58,602
Results of discontinued operations (note 4)	(578)	(122)
Net income	$ 34,176	$ 58,480
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE:		
Basic	$ 0.73	$ 1.33
Diluted	0.73	1.31
NET INCOME PER COMMON SHARE:		
Basic	0.73	1.33
Diluted	0.73	1.31

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

June 30, 2003 and 2002
(In thousands of United States dollars)

	2003	2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 126,832	$ 76,689
Amounts receivable (note 7)	126,725	109,948
Other assets (note 8(a))	123,610	88,062
Resort properties (note 6)	662,197	399,572
Future income taxes (note 13)	10,619	7,536
	1,049,983	681,807
Ski and resort operations (note 5)	918,727	841,841
Properties (note 6):		
Resort	405,100	461,893
Discontinued operations	—	6,325
	405,100	468,218
Amounts receivable (note 7)	76,842	64,734
Other assets (note 8(b))	65,070	94,332
Goodwill	—	15,985
	$2,515,722	$ 2,166,917
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Amounts payable	$ 218,444	$ 195,254
Deferred revenue (note 10)	134,878	99,484
Bank and other indebtedness (note 9):		
Resort	287,176	279,297
Discontinued operations	—	2,750
	640,498	576,785
Bank and other indebtedness (note 9):		
Resort	973,743	773,790
Discontinued operations	—	82
	973,743	773,872
Due to joint venture partners (note 14)	5,388	3,963
Deferred revenue (note 10)	43,609	23,069
Future income taxes (note 13)	94,986	75,843
Non-controlling interest in subsidiaries	46,359	36,116
	1,804,583	1,489,648
Shareholders' equity:		
Capital stock (note 12)	460,742	466,899
Retained earnings	264,640	241,665
Foreign currency translation adjustment	(14,243)	(31,295)
	711,139	677,269
	$2,515,722	$ 2,166,917

Contingencies and commitments (note 15)
Subsequent event (note 8(b))

Approved on behalf of the Board:

Joe S. Houssian
Director

Paul M. Manheim
Director

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

For the years ended June 30, 2003 and 2002
(In thousands of United States dollars)

	2003	2002
Retained earnings, beginning of year:		
As previously reported	**$ 241,665**	**$ 187,922**
Adjustment to reflect change in accounting for goodwill and intangibles, net of tax (note 2(t)(i))	**(6,150)**	**—**
As restated	**235,515**	**187,922**
Net income	**34,176**	**58,480**
Dividends	**(5,051)**	**(4,737)**
Retained earnings, end of year	**$ 264,640**	**$ 241,665**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended June 30, 2003 and 2002
(In thousands of United States dollars)

	2003	2002
CASH PROVIDED BY (USED IN):		
OPERATIONS:		
Income from continuing operations	**$ 34,754**	**$ 58,602**
Items not affecting cash:		
Depreciation and amortization	**67,516**	**65,434**
Future income taxes	**(3,914)**	**(2,873)**
Income from equity accounted investment	**—**	**(3,901)**
(Gain) loss on asset disposals, net of write-offs	**858**	**(323)**
Write-down of technology assets	**12,270**	**—**
Non-controlling interest	**11,274**	**11,675**
Funds from continuing operations	**122,758**	**128,614**
Recovery of costs through real estate sales	**437,690**	**402,700**
Acquisition and development of properties held for sale	**(601,524)**	**(565,863)**
Increase in amounts receivable, net	**(12,109)**	**(8,936)**
Changes in non-cash operating working capital (note 21)	**26,590**	**49,191**
Cash provided by (used in) continuing operating activities	**(26,595)**	**5,706**
Cash provided by discontinued operations	**140**	**3,898**
	(26,455)	**9,604**
FINANCING:		
Proceeds from bank and other borrowings	**599,112**	**351,259**
Repayments on bank and other borrowings	**(469,235)**	**(304,933)**
Issue of common shares for cash, net of issuance costs	**4,782**	**53,037**
Redemption and repurchase of non-resort preferred shares (note 12(a))	**(6,697)**	**(358)**
Dividends paid	**(5,051)**	**(4,737)**
Distributions to non-controlling interests	**(6,923)**	**(6,534)**
	115,988	**87,734**
INVESTMENTS:		
Expenditures on:		
Revenue-producing properties	**—**	**(2,353)**
Ski and resort operations assets	**(64,546)**	**(91,490)**
Other assets	**(11,778)**	**(8,463)**
Business acquisitions (note 3)	**(2,849)**	**(8,876)**
Proceeds from asset disposals	**39,783**	**4,103**
	(39,390)	**(107,079)**
Increase (decrease) in cash and cash equivalents	**50,143**	**(9,741)**
Cash and cash equivalents, beginning of year	**76,689**	**86,430**
Cash and cash equivalents, end of year	**$ 126,832**	**$ 76,689**

Supplementary information (note 21)
See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended June 30, 2003 and 2002
(Tabular amounts in thousands of United States dollars, unless otherwise indicated)

1 OPERATIONS:

Intrawest Corporation was formed by an amalgamation on November 23, 1979 under the Company Act (British Columbia) and was continued under the Canada Business Corporations Act on January 14, 2002. Through its subsidiaries, the Company is engaged in the development and operation of mountain and golf resorts principally throughout North America.

2 SIGNIFICANT ACCOUNTING POLICIES:

(a) BASIS OF PRESENTATION:

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada as prescribed by The Canadian Institute of Chartered Accountants ("CICA"). Information regarding United States generally accepted accounting principles as it affects the Company's consolidated financial statements is presented in note 22.

(b) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include:

(i) the accounts of the Company and its subsidiaries; and

(ii) the accounts of all incorporated and unincorporated joint ventures, including non-controlled partnerships, to the extent of the Company's interest in their respective assets, liabilities, revenues and expenses.

The Company's principal subsidiaries and joint ventures are as follows:

SUBSIDIARIES	PERCENTAGE INTEREST HELD BY THE COMPANY (%)
Blackcomb Skiing Enterprises Limited Partnership	77
Whistler Mountain Resort Limited Partnership	77
Intrawest/Lodestar Limited Partnership	100
IW Resorts Limited Partnership	100
Mont Tremblant Resorts and Company, Limited Partnership	100
Copper Mountain, Inc.	100
Intrawest California Holdings, Inc.	100
Intrawest Golf Holdings, Inc.	100
Intrawest Resort Ownership Corporation	100
Intrawest Retail Group, Inc.	100
Intrawest Sandestin Company, L.L.C.	100
Intrawest/Winter Park Holdings Corporation (note 3)	100
Mountain Creek Resort, Inc.	100
Mt. Tremblant Reservations Inc.	100
Playground Real Estate Inc.	100
Resort Reservations Network Inc.	100
Snowshoe Mountain, Inc.	100
Intrawest Golf Management (Canada) Ltd.	100
The Stratton Corporation	100

Notes to Consolidated Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

JOINT VENTURES AND NON-CONTROLLED PARTNERSHIPS (note 14)	PERCENTAGE INTEREST HELD BY THE COMPANY (%)
Alpine Helicopters Ltd.	45
Blue Mountain Resorts Limited	50
Blue River Land Company L.L.C.	50
Chateau M.T. Inc.	50
Intrawest/Brush Creek Development Company L.L.C.	50
Intrawest/Lodestar Golf Limited Partnership	73.7
Keystone/Intrawest L.L.C.	50
Mammoth Mountain Ski Area	59.5
Resort Ventures Limited Partnership	50

All significant intercompany balances and transactions have been eliminated.

(c) ACCOUNTING FOR INVESTMENTS:

The Company accounts for investments in which it is able to exercise significant influence in accordance with the equity method. Under the equity method, the original cost of the shares is adjusted for the Company's share of post-acquisition earnings or losses, less dividends.

(d) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant areas requiring management estimates include the estimates of future net cash flows from properties, useful lives for depreciation, the recoverability of amounts receivable, and the value of future income tax assets and liabilities.

(e) CASH EQUIVALENTS:

The Company considers all highly liquid investments with terms to maturity of three months or less when acquired to be cash equivalents.

(f) PROPERTIES:

(i) Properties under development and held for sale:

Properties under development and held for sale are recorded at the lower of cost and net realizable value. Cost includes all expenditures incurred in connection with the acquisition, development and construction of these properties. These expenditures consist of all direct costs, interest on specific debt, interest on that portion of total costs financed by the Company's pooled debt, and an allocation of indirect overhead. Incidental operations related specifically to properties under development are treated as an increase in or a reduction of costs.

Effective July 1, 2002, the Company determined that it would no longer retain the commercial properties that it developed as long-term revenue-producing properties. Instead existing commercial properties would be sold and commercial properties developed in the future would be developed for the purpose of sale. Consequently from July 1, 2002, commercial properties are classified as properties under development and held for sale and net rental income before depreciation is capitalized to the cost of the property. Properties held for sale are not depreciated.

Costs associated with the development of sales locations of the vacation ownership business, including operating and general and administrative costs incurred until a location is fully operational, are capitalized. The results of incidental operations related specifically to a location are treated as an increase in or a reduction of costs during the start-up period. These net costs are amortized on a straight-line basis over seven years.

The Company defers costs directly relating to the acquisition of new properties and resorts which, in management's judgment, have a high probability of closing. If the acquisition is abandoned, any deferred costs are expensed immediately.

The Company provides for write-downs where the carrying value of a particular property exceeds its net realizable value.

(ii) Classification:

Properties that are currently under development for sale and properties available for sale are classified as current assets. Related bank and other indebtedness is classified as a current liability.

(g) SKI AND RESORT OPERATIONS:

The ski and resort operations assets are stated at cost less accumulated depreciation. Costs of ski lifts, area improvements and buildings are capitalized. Certain buildings, area improvements and equipment are located on leased or licensed land. Depreciation is provided over the estimated useful lives of each asset category using the declining balance method at annual rates as follows:

	(%)
Buildings	3.3 to 5.0
Ski lifts	5.0 to 8.0
Golf courses	2.0 to 3.3
Area improvements	2.0 to 3.3
Automotive, helicopters and other equipment	10.0 to 50.0
Leased vehicles	20.0 to 25.0

Inventories are recorded at the lower of cost and net realizable value, and consist primarily of retail goods, food and beverage products, and mountain operating supplies.

(h) ADMINISTRATIVE FURNITURE, COMPUTER EQUIPMENT, SOFTWARE AND LEASEHOLD IMPROVEMENTS:

Administrative furniture, computer equipment and software are stated at cost less accumulated depreciation. Included in software costs are any direct costs incurred developing internal use software. Depreciation of administrative furniture is provided using the declining balance method at annual rates of between 20% and 30%. Depreciation of computer equipment and software is provided using the straight-line method at annual rates of between 10% and 33 ⅓%.

Leasehold improvements are stated at cost less accumulated amortization. Amortization is provided using the straight-line method over the lease term.

(i) DEFERRED FINANCING COSTS:

Deferred financing costs consist of legal and other fees directly related to the debt financing of the Company's ski and resort operations. These costs are amortized to interest expense over the term of the related financing.

(j) GOODWILL AND INTANGIBLE ASSETS:

Goodwill represents the excess of purchase price over the fair value of identifiable assets acquired in a purchase business combination. Intangible assets with indefinite useful lives represent costs that have been allocated to brand names and trademarks. Effective July 1, 2002, the Company no longer amortizes goodwill and intangible assets with indefinite useful lives, but they are subject to impairment tests on at least an annual basis (see note 2(t)(i)) and additionally, whenever events and changes in circumstances suggest that the carrying amount may not be recoverable.

Intangible assets with finite useful lives are costs that have been allocated to contracts and customer lists and are amortized on a straight-line basis over their estimated useful lives.

(k) DEFERRED REVENUE:

Deferred revenue mainly comprises real estate deposits, season pass revenue, club initiation deposits, government grants and the exchange gains arising on the translation of long-term monetary items that are denominated in foreign currencies (note 2(o)). Deferred revenue which relates to the sale of season passes is recognized throughout the season based on the number of skier visits. Deferred revenue which relates to club initiation deposits is recognized on a straight-line basis over the estimated membership terms. Deferred revenue which relates to government grants for ski and resort operations assets is recognized on the same basis as the related assets are amortized. Deferred revenue which relates to government grants for properties under development is recognized as the properties are sold.

Notes to Consolidated Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(l) GOVERNMENT ASSISTANCE:

The Company periodically applies for financial assistance under available government incentive programs. Non-repayable government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets.

(m) REVENUE RECOGNITION:

(i) Ski and resort operations revenue is recognized as the service is provided. Commission revenues derived from airline ticket, hotel, car and cruise reservations are recognized when the customer first utilizes the service. Commission revenue is recorded at the net of the amount charged to the customer and the amount paid to the supplier.

(ii) Revenue from the sale of properties is recorded when title to the completed unit is conveyed to the purchaser, the purchaser becomes entitled to occupancy and the purchaser has made a payment that is appropriate in the circumstances.

(iii) Points revenue associated with membership in the vacation ownership business of Club Intrawest (which revenue is included in real estate sales) is recognized when the purchaser has paid the amount due on closing, all contract documentation has been executed and all other significant conditions of sale are met.

(n) FUTURE INCOME TAXES:

The Company follows the asset and liability method of accounting for income taxes. Under such method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. To the extent that it is not considered to be more likely than not that a future income tax asset will be realized, a valuation allowance is provided.

(o) FOREIGN CURRENCY TRANSLATION:

These consolidated financial statements are presented in U.S. dollars. The majority of the Company's operations are located in the United States and are conducted in U.S. dollars. The Company's Canadian operations use the Canadian dollar as their functional currency. The Canadian entities' financial statements have been translated into U.S. dollars using the exchange rate in effect at the balance sheet date for asset and liability amounts and at the average rate for the period for amounts included in the determination of income.

Cumulative unrealized gains or losses arising from the translation of the assets and liabilities of these operations into U.S. dollars are recorded as foreign currency translation adjustment, a separate component of shareholders' equity.

Effective July 1, 2002, exchange gains or losses arising on the translation of long-term monetary items that are denominated in foreign currencies to the applicable currency of measurement are included in the determination of net income (note 2(t)(ii)). Previously these gains and losses were deferred and amortized on a straight-line basis over the remaining terms of the related monetary item except for gains or losses related to foreign currency denominated long-term obligations designated as hedges of investments in self-sustaining foreign operations.

The actual exchange rates used for translation purposes were as follows:

CANADIAN DOLLAR TO U.S. DOLLAR EXCHANGE RATES	2003	2002
At June 30	1.3475	1.5162
Average during year	1.5112	1.5687

(p) PER SHARE CALCULATIONS:

Income per common share has been calculated using the weighted average number of common shares outstanding during the year. The dilutive effect of stock options is determined using the treasury stock method.

(q) STOCK OPTIONS AND STOCK-BASED COMPENSATION:

The Company has a stock option plan as described in note 12(c). Section 3870 of the CICA Accounting Handbook ("CICA 3870") requires a fair value-based method of accounting that is required for certain, but not all, stock-based transactions. CICA 3870 must be applied to all stock-based payments to non-employees, and to employee awards that are direct awards of shares, that call for settlement in cash or other assets, or are share appreciation rights that call for settlement by the issuance of equity instruments. As permitted by CICA 3870, the Company continues to account for employee stock option grants using the intrinsic value-based method under which no expense is recorded on grant and provides, on a pro forma basis, information as if a fair value methodology had been applied (note 12(h)). Accordingly, no compensation expense has been recognized for the periods presented. Any consideration paid on the exercise of options or purchase of shares is credited to capital stock.

(r) EMPLOYEE FUTURE BENEFITS:

The Company accrues its obligations under employee benefit plans and the related costs as the underlying services are provided.

(s) COMPARATIVE FIGURES:

Certain comparative figures for 2002 have been reclassified to conform with the financial statement presentation adopted in the current year.

(t) CHANGE IN ACCOUNTING POLICIES:

(i) On July 1, 2002, the Company adopted the new recommendations of section 3062, "Goodwill and Other Intangible Assets," of the CICA Handbook, without restatement of prior periods. Under the new recommendations, goodwill and intangible assets with indefinite lives are no longer amortized but are subject to impairment tests on at least an annual basis by comparing the related reporting unit's carrying value to its fair value. Any write-down resulting from impairment tests made under the new section at adoption effective July 1, 2002 must be recognized as a charge to retained earnings at that date. Any impairment of goodwill or other intangible assets identified subsequent to July 1, 2002 will be expensed as determined. Other intangible assets with finite lives will continue to be amortized over their useful lives and are also tested for impairment by comparing carrying values to net recoverable amounts.

At June 30, 2002, the net carrying value of goodwill was $15,985,000. Upon adoption of these recommendations, it was determined that $179,000 needed to be reclassified from goodwill to ski and resort operations assets, and $3,813,000 needed to be reclassified from goodwill to depreciable intangible assets under CICA recommendations on business combinations. The Company completed its impairment testing on the balance of goodwill and intangible assets with indefinite lives as at July 1, 2002. As a result of this testing, an impairment loss of $6,150,000 (being net of taxes of $5,843,000) was required and has been recognized as an adjustment to opening retained earnings.

A reconciliation of previously reported net income and income per share (basic and diluted) to the amounts adjusted for the exclusion of goodwill amortization is as follows:

	2003	2002
Income as reported	$ 34,176	$ 58,480
Goodwill amortization	—	743
Adjusted income	$ 34,176	$ 59,223
Income per share (basic):		
Income as reported	$ 0.73	$ 1.33
Goodwill amortization	—	0.01
Adjusted income per share	$ 0.73	$ 1.34
Income per share (diluted):		
Income as reported	$ 0.73	$ 1.31
Goodwill amortization	—	0.02
Adjusted income per share	$ 0.73	$ 1.33

(ii) On July 1, 2002, the Company retroactively adopted the new recommendations of section 1650, "Foreign Currency Translation," of the CICA Handbook which eliminated the requirement to defer and amortize unrealized translation gains and losses on long-term foreign currency denominated monetary items with a fixed or determinable life. Instead the exchange gains and losses on these items are included in the determination of income immediately. The adoption did not impact the financial position and results of operations of prior periods, or the results for the year ended June 30, 2003.

Notes to Consolidated Financial Statements

3 ACQUISITIONS:

On December 23, 2002, the Company assumed control of the assets and operations of Winter Park Resort, a major ski and resort operation in Colorado. For accounting purposes the assumption of control has been treated as a purchase of the resort. The fair value of the purchase price of the assets acquired was $47,204,000 of which $38,236,000 was assigned to ski and resort operations assets, $7,817,000 was assigned to real estate development properties and $1,151,000 was assigned to amounts receivable. The purchase was financed primarily through the issuance of a capital lease, the assumption of certain liabilities and the payment of $2,849,000 cash.

During the year ended June 30, 2002, the Company acquired the assets and business of Big Island Country Club Limited Partnership, which operates a golf course on the island of Hawaii, for cash consideration of $8,876,000.

4 DISCONTINUED OPERATIONS:

For reporting purposes, the results of operations and cash flow from operating activities of the non-resort real estate business have been disclosed separately from those of continuing operations for the periods presented.

The results of discontinued operations are as follows:

	2003	2002
Revenue	$ 441	$ 1,128
Loss before current income taxes	$ (578)	$ (104)
Provision for current income taxes	—	18
Loss from discontinued operations	$ (578)	$ (122)

5 SKI AND RESORT OPERATIONS:

2003	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
SKI OPERATIONS:			
Land	$ 58,679	$ —	$ 58,679
Buildings	300,351	59,124	241,227
Ski lifts and area improvements	443,889	140,260	303,629
Automotive, helicopters and other equipment	134,654	81,001	53,653
Leased vehicles	4,903	2,814	2,089
	942,476	283,199	659,277
RESORT OPERATIONS:			
Land	23,187	—	23,187
Buildings	68,178	7,486	60,692
Golf courses	124,919	21,173	103,746
Area improvements	95,256	23,431	71,825
	311,540	52,090	259,450
	$1,254,016	$ 335,289	$ 918,727

2002	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
SKI OPERATIONS:			
Land	$ 52,490	$ —	$ 52,490
Buildings	248,731	47,556	201,175
Ski lifts and area improvements	411,352	118,993	292,359
Automotive, helicopters and other equipment	120,681	70,499	50,182
Leased vehicles	4,614	2,311	2,303
	837,868	239,359	598,509
RESORT OPERATIONS:			
Land	21,925	—	21,925
Buildings	58,219	8,937	49,282
Golf courses	120,145	16,444	103,701
Area improvements	87,446	19,022	68,424
	287,735	44,403	243,332
	$1,125,603	$ 283,762	$ 841,841

The ski and resort operations have been pledged as security for certain of the Company's bank and other indebtedness (note 9).

6 PROPERTIES:

Summary of properties:

	2003	2002
Properties under development and held for sale	$1,067,297	$ 797,603
Revenue-producing properties	—	70,187
	$1,067,297	$ 867,790

Properties are classified for balance sheet purposes as follows:

	2003	2002
CURRENT ASSETS:		
Resort	$ 662,197	$ 399,572
LONG-TERM ASSETS:		
Resort	405,100	461,893
Discontinued operations	—	6,325
	$1,067,297	$ 867,790

Cumulative costs capitalized to the carrying value of properties under development and held for sale are as follows:

	2003	2002
Land and land development costs	$ 205,709	$ 187,269
Building development costs	704,396	478,175
Interest	103,154	80,082
Administrative	54,038	52,077
	$1,067,297	$ 797,603

During the year ended June 30, 2003, the Company capitalized interest of $55,525,000 (2002 – $38,850,000) (note 16).

Properties have been pledged as security for certain of the Company's bank and other indebtedness (note 9).

Breakdown of revenue-producing properties:

	2002		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
REVENUE-PRODUCING PROPERTIES:			
Land	$ 8,217	$ —	$ 8,217
Buildings	68,298	11,340	56,958
Leasehold improvements and equipment	6,472	1,460	5,012
	$ 82,987	$ 12,800	$ 70,187

7 AMOUNTS RECEIVABLE:

	2003	2002
Receivables from sales of real estate	$ 54,576	$ 59,679
Ski and resort operations trade receivables	34,427	23,053
Loans, mortgages and notes receivable (note 20)	89,189	73,408
Funded senior employee share purchase plans (note 12(f))	4,445	4,475
Other accounts receivable	20,930	14,067
	203,567	174,682
Current portion	126,725	109,948
	$ 76,842	$ 64,734

Amounts receivable from sales of real estate primarily comprise sales proceeds held in trust which are generally paid out to the Company or to construction lenders within 60 days.

Total payments due on amounts receivable are approximately as follows:

YEAR ENDING JUNE 30,	
2004	$ 126,725
2005	19,129
2006	4,037
2007	3,310
2008	1,996
Subsequent to 2008	48,370
	$ 203,567

The loans, mortgages and notes receivable bear interest at both fixed and floating rates which averaged 10.71% per annum as at June 30, 2003 (2002 – 10.91%). Certain of these amounts have been pledged as security for the Company's bank and other indebtedness (note 9).

Notes to Consolidated Financial Statements

8 OTHER ASSETS:

(a) CURRENT:

	2003	2002
Ski and resort operations inventories	$ 34,640	$ 30,054
Restricted cash deposits	57,087	34,502
Prepaid expenses and other	31,883	23,506
	$ 123,610	$ 88,062

(b) LONG-TERM:

	2003	2002
Investment in Compagnie des Alpes	$ 12,257	$ 36,142
Deferred financing and other costs	20,053	16,481
Administrative furniture, computer equipment, software and leasehold improvements, net of accumulated depreciation of $19,644,000 (2002 – $15,769,000)	23,856	33,614
Other	8,904	8,095
	$ 65,070	$ 94,332

In July 2002 the Company sold 55% of its investment in Compagnie des Alpes ("CDA") for proceeds which approximated its carrying value. As a result, the Company changed from the equity to the cost method of accounting for its investment at the beginning of the current fiscal year. During July 2003 the Company sold its remaining interest in CDA for proceeds which approximated its carrying value.

During the year ended June 30, 2003, the Company decided to standardize certain information technology systems across its resorts in order to improve efficiencies and eliminate costs. In addition, the Company reorganized its central reservations business and assessed the value of the assets of that business. As a result, the Company wrote down the value of information technology assets by $12,270,000.

9 BANK AND OTHER INDEBTEDNESS:

The Company has obtained financing for its ski and resort operations and properties from various financial institutions by pledging individual assets as security for such financing. Security for general corporate debt is provided by general security which includes a floating charge on the Company's assets and undertakings, fixed charges on real estate properties, and assignment of mortgages and notes receivable. The following table summarizes the primary security provided by the Company, where appropriate, and indicates the applicable type of financing, maturity dates and the weighted average interest rate at June 30, 2003:

	MATURITY DATES	WEIGHTED AVERAGE INTEREST RATE(%)	2003	2002
SKI AND RESORT OPERATIONS:				
Mortgages and bank loans	Demand – 2017	3.68	$ 62,432	$ 124,578
Obligations under capital leases	2004 – 2052	9.09	45,070	3,869
			107,502	128,447
PROPERTIES:				
Interim financing on properties under development and held for sale	2004 – 2017	5.71	264,032	141,337
Resort club notes receivable credit facilities	2006	5.21	28,121	27,436
Mortgages on revenue-producing properties	2004 – 2011	nil	—	12,485
			292,153	181,258
General corporate debt	2004 – 2005	5.63	240,243	184,000
Unsecured debentures	2004 – 2010	10.20	621,021	562,214
		7.91	1,260,919	1,055,919
Current portion			287,176	282,047
			$ 973,743	$ 773,872

Principal repayments and the components related to either floating or fixed interest rate indebtedness are as follows:

	INTEREST RATES		
YEAR ENDING JUNE 30,	FLOATING	FIXED	TOTAL REPAYMENTS
2004	$ 252,630	$ 34,546	$ 287,176
2005	267,620	10,680	278,300
2006	19,257	12,836	32,093
2007	80	2,942	3,022
2008	1,278	653	1,931
Subsequent to 2008	5,231	653,166	658,397
	$ 546,096	$ 714,823	$ 1,260,919

The Company has entered into a swap agreement to fix the interest rate on a portion of its floating rate debt. The Company had $14,126,000 (2002 – $16,000,000) of bank loans swapped against debt with a fixed interest rate ranging from 4.70% to 5.58% (2002 – 4.70% to 5.58%) per annum.

Bank and other indebtedness includes indebtedness in the amount of $306,458,000 (2002 – $263,691,000) which is repayable in Canadian dollars of $412,952,000 (2002 – $399,808,000).

The Company is subject to certain covenants in respect of some of the bank and other indebtedness which require the Company to maintain certain financial ratios. The Company is in compliance with these covenants at June 30, 2003.

10 DEFERRED REVENUE:

	2003	2002
Deposits on real estate sales	$ 109,075	$ 76,239
Government assistance (note 11)	10,992	7,901
Club initiation deposits	24,845	13,431
Season pass revenue	14,989	13,883
Other deferred amounts	18,586	11,099
	178,487	122,553
Current portion	134,878	99,484
	$ 43,609	$ 23,069

11 GOVERNMENT ASSISTANCE:

The federal government of Canada and the Province of Quebec have granted financial assistance to the Company in the form of interest-free loans and forgivable grants for the construction of specified four-season tourist facilities at Mont Tremblant. Loans totaling $10,464,000 (Cdn.$14,100,000) (2002 – $9,300,000; Cdn.$14,100,000) have been advanced and are repayable over 17 years starting in 2000. The grants, which will total $43,052,000 (Cdn.$58,013,000) (2002 – $38,318,000; Cdn.$58,013,000) when they are fully advanced, amounted to $31,400,000 (Cdn.$42,312,000) at June 30, 2003 (2002 – $24,518,000; Cdn.$37,174,000). During the year ended June 30, 2003, grants received of $3,812,000 (Cdn.$5,138,000) (2002 – $3,513,000; Cdn.$5,326,000) were credited as follows: $1,138,000 (2002 – $1,010,000) to ski and resort operations assets, $573,000 (2002 – $1,461,000) to properties and $2,101,000 (2002 – $1,042,000) to deferred government assistance.

Notes to Consolidated Financial Statements

12 CAPITAL STOCK:

(a) SHARE CAPITAL REORGANIZATION:

Effective March 14, 1997, the Company completed a reorganization of its share capital designed to separate the remaining non-resort real estate assets from the rest of the Company's business. Under the reorganization, each existing common share was exchanged for one new common share and one non-resort preferred ("NRP") share. The new common shares have the same attributes as the old common shares.

On December 18, 2002, the Company redeemed all of the remaining NRP shares at a price of Cdn.$2.02 per share for a total of $6,697,000. As a result, the carrying value of the NRP shares was reduced to zero and contributed surplus was increased by $2,661,000 representing the difference between the redemption price and the assigned value of the NRP shares less the foreign currency translation adjustment related to the NRP shares.

(b) CAPITAL STOCK:

The Company's capital stock comprises the following:

	2003	2002
Common shares	$ 458,081	$ 453,299
NRP shares	—	13,600
Contributed surplus (note 12(a))	2,661	—
	$ 460,742	$ 466,899

(i) Common shares:

Authorized: an unlimited number without par value

Issued:

	2003		2002	
	NUMBER OF COMMON SHARES	AMOUNT	NUMBER OF COMMON SHARES	AMOUNT
Balance, beginning of year	47,255,062	$ 453,299	44,026,394	$ 400,262
Issued for cash under stock option plan	305,000	2,685	270,850	1,893
Amortization of benefit plan, net (g)	—	2,097	—	—
Purchased for benefit plan (g)	—	—	(292,182)	(4,807)
Issued for cash, net of issuance costs	—	—	3,250,000	55,951
Balance, end of year	47,560,062	$ 458,081	47,255,062	$ 453,299

(ii) NRP shares:

Authorized: 50,000,000 without par value

Issued:

	2003		2002	
	NUMBER OF NRP SHARES	AMOUNT	NUMBER OF NRP SHARES	AMOUNT
Balance, beginning of year	5,163,436	$ 13,600	5,513,936	$ 13,958
Redemption	(5,163,436)	(6,697)	—	—
Transferred to contributed surplus	—	(2,661)	—	—
Foreign currency adjustment	—	(4,242)	—	—
Purchased for cancellation	—	—	(350,500)	(358)
Balance, end of year	—	$ —	5,163,436	$ 13,600

(iii) Preferred shares:

Authorized: an unlimited number without par value

Issued: nil

(c) STOCK OPTIONS:

The Company has a stock option plan which provides for grants to officers and employees of the Company and its subsidiaries of options to purchase common shares of the Company. Options granted under the stock option plan are exercisable in Canadian dollars and may not be exercised except in accordance with such limitations as the Human Resources Committee of the Board of Directors of the Company may determine.

The following table summarizes the status of options outstanding under the Plan:

	2003		2002	
	SHARE OPTIONS OUTSTANDING	WEIGHTED AVERAGE PRICE	SHARE OPTIONS OUTSTANDING	WEIGHTED AVERAGE PRICE
Outstanding, beginning of year	3,697,900	$ 16.04	3,322,500	$ 15.24
Granted	445,000	15.89	711,800	16.17
Exercised	(305,000)	9.41	(270,850)	6.99
Forfeited	(34,000)	18.03	(65,550)	17.87
Outstanding, end of year	3,803,900	$ 18.68	3,697,900	$ 16.04
Exercisable, end of year	1,867,310	$ 18.20	1,753,950	$ 14.70

The following table provides details of options outstanding at June 30, 2003:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING JUNE 30, 2003	WEIGHTED AVERAGE LIFE REMAINING (YEARS)	WEIGHTED AVERAGE PRICE	NUMBER EXERCISABLE JUNE 30, 2003	WEIGHTED AVERAGE PRICE
$ 8.56 – $ 10.74	134,100	1.8	$ 10.17	134,100	$ 10.17
$ 11.67 – $ 17.07	233,500	4.4	14.74	205,500	15.02
$ 17.66 – $ 21.56	3,436,300	6.8	19.28	1,527,710	19.19
	3,803,900	6.4	$ 18.68	1,867,310	$ 18.20

(d) EMPLOYEE SHARE PURCHASE PLAN:

The employee share purchase plan permits certain full-time employees of the Company and its subsidiaries and limited partnerships to purchase common shares through payroll deductions. The Company contributes $1 for every $3 contributed by an employee. To June 30, 2003, a total of 65,809 (2002 – 65,809) common shares have been issued from treasury under this plan. A further 100,000 common shares have been authorized and reserved for issuance under this plan.

(e) DEFERRED SHARE UNIT PLAN:

The company has a key executive Deferred Share Unit Plan (the "DSU Plan") that allows each executive officer to elect to receive all or any portion of his annual incentive award as deferred share units. A DSU is equal in value to one common share of the Company. The units are determined by dividing the dollar amount elected by the average closing price of the common shares on the Toronto Stock Exchange for the five trading days preceding the date that the annual incentive award becomes payable. The units also accrue dividend equivalents payable in additional units in an amount equal to dividends paid on Intrawest common shares. DSUs mature upon the termination of employment, whereupon an executive is entitled to receive the fair market value of the equivalent number of common shares, net of withholdings, in cash.

The Company records the cost of the DSU plan as compensation expense. As at June 30, 2003, 74,381 units were outstanding at a value of $981,000 (2002 – 49,351 units at a value of $827,000).

(f) FUNDED SENIOR EMPLOYEE SHARE PURCHASE PLANS:

The Company has two funded senior employee share purchase plans which provide for loans to be made to designated eligible employees to be used for the purchase of common shares. At June 30, 2003, loans to employees under the funded senior employee share purchase plans amounted to $4,445,000 with respect to 247,239 common shares (2002 – $4,475,000 with respect to 374,387 common shares and 26,939 NRP shares). The loans, which are included in amounts receivable, are non-interest bearing, secured by a promissory note and a pledge of the shares ($3,259,000 market value at June 30, 2003) and mature by 2012. A further 96,400 common shares have been authorized and reserved for issuance under one of the plans.

(g) KEY EXECUTIVE EMPLOYEE BENEFIT PLAN:

The Company has a key executive employee benefit plan which permits the Company to grant awards of common shares purchased in the open market to executive officers. To June 30, 2003, a total of 292,182 (2002 – 292,192) common shares were purchased under this plan. The common shares vest to the employees in part over time and the balance on the attainment of certain future earnings levels. The value of the shares amortized to income during the year ended June 30, 2003 was $2,097,000. None of the shares were vested as at June 30, 2003.

Notes to Consolidated Financial Statements

12 CAPITAL STOCK: (CONTINUED)

(h) STOCK COMPENSATION:

Had compensation expense for stock options granted subsequent to June 30, 2001 been determined by a fair value method using the Black-Scholes option pricing model at the date of the grant, the following weighted average assumptions would have been used for options granted in the current period:

	2003	2002
Dividend yield (%)	0.9	0.6
Risk-free interest rate (%)	3.11	4.38
Expected option life (years)	7	7
Expected volatility (%)	36	55

Using the above assumptions, the Company's net income for the year ended June 30, 2003 would have been reduced to the pro forma amount indicated below:

	2003	2002
Net income, as reported	$ 34,176	$ 58,480
Estimated fair value of option grants	(1,909)	(649)
Net income, pro forma	$ 32,267	$ 57,831
PRO FORMA INCOME PER COMMON SHARE FROM CONTINUING OPERATIONS:		
Basic	$ 0.69	$ 1.31
Diluted	0.69	1.29

The estimated fair value of option grants excludes the effect of those granted before July 1, 2001. The fair value of options granted during the year ended June 30, 2003 was $6.35 per option (2002 – $9.15) on the grant date on a weighted average basis.

(i) PER SHARE INFORMATION:

The reconciliation of the net income and weighted average number of common shares used to calculate basic and diluted income per common share is as follows:

	2003		2002	
	NET INCOME	SHARES (000)	NET INCOME	SHARES (000)
BASIC INCOME PER COMMON SHARE:				
Income from continuing operations	$ 34,754	47,364	$ 58,602	44,206
Dilutive effect of stock options	—	226	—	489
Diluted income per common share	$ 34,754	47,590	$ 58,602	44,695

Options aggregating 3,675,300 (2002 – 2,399,800) have not been included in the computation of diluted income per common share as they were anti-dilutive.

13 INCOME TAXES:

(a) The provision for income taxes from continuing operations is as follows:

	2003	2002
Current	$ 10,157	$ 12,422
Future	(3,914)	(2,873)
	$ 6,243	$ 9,549

The reconciliation of income taxes calculated at the statutory rate to the actual income tax provision is as follows:

	2003	2002
Statutory rate (%)	38.0	41.2
Income tax charge at statutory rate	$ 19,683	$ 32,888
Non-deductible expenses and amortization	326	53
Large corporations tax	2,574	1,159
Taxes related to non-controlling interest share of earnings	(4,284)	(4,804)
Reduction for enacted changes in tax laws and rates	—	(2,434)
Taxes related to equity accounted investment	—	(1,605)
Foreign taxes less than statutory rate	(13,182)	(15,589)
Other	1,126	(101)
	6,243	9,567
Current income taxes related to discontinued operations	—	18
Provision for income taxes	$ 6,243	$ 9,549

(b) The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	2003	2002
FUTURE TAX ASSETS:		
Non-capital loss carryforwards	$ 35,823	$ 27,068
Differences in working capital deductions for tax and accounting purposes	5,465	4,004
Other	3,861	727
Total gross future tax assets	45,149	31,799
Valuation allowance	(17,559)	(16,206)
Net future tax assets	27,590	15,593
FUTURE TAX LIABILITIES:		
Differences in net book value and undepreciated capital cost of ski and resort assets and properties	81,824	80,021
Differences in book value and tax basis of bank and other indebtedness	28,844	3,879
Other	1,289	—
Total gross future tax liabilities	111,957	83,900
Net future tax liabilities	$ 84,367	$ 68,307

Net future tax liabilities are classified for balance sheet purposes as follows:

	2003	2002
CURRENT ASSETS:		
Future income taxes	$ 10,619	$ 7,536
LONG-TERM LIABILITIES:		
Future income taxes	94,986	75,843
	$ 84,367	$ 68,307

(c) At June 30, 2003, the Company has non-capital loss carryforwards for income tax purposes of approximately $117,200,000 (2002 – $101,960,000) that are available to offset future taxable income through 2023.

14 JOINT VENTURES:

The following amounts represent the Company's proportionate interest in joint ventures and non-controlled partnerships (note 2(b)):

	2003	2002
Properties, current	$ 53,993	$ 42,178
Other current assets	20,888	21,717
	74,881	63,895
Current liabilities	(59,629)	(49,487)
Working capital	15,252	14,408
Ski and resort operations	161,609	155,964
Properties, non-current	79,032	58,713
Bank and other indebtedness, non-current	(32,213)	(40,376)
Other, net	(14,856)	(14,924)
	$ 208,824	$ 173,785

	2003	2002
Revenue	$ 128,286	$ 131,122
Expenses	122,272	119,960
Income from continuing operations before income taxes	6,014	11,162
Results of discontinued operations	419	385
	$ 6,433	$ 11,547

	2003	2002
CASH PROVIDED BY (USED IN):		
Operations	$ (5,309)	$ 29,206
Financing	30,544	(15,267)
Investments	(25,003)	(20,425)
Increase (decrease) in cash and cash equivalents	$ 232	$ (6,486)

Due to joint venture partners is the amount payable to the Company's joint venture partners on various properties for costs they have incurred on the Company's behalf. Payments to the joint venture partners are governed by the terms of the respective joint venture agreement.

Notes to Consolidated Financial Statements

15 CONTINGENCIES AND COMMITMENTS:

(a) The Company holds licenses and land leases with respect to certain of its ski operations. These leases expire at various times between 2032 and 2051 and provide for annual payments generally in the range of 2% of defined gross revenues.

(b) The Company has estimated costs to complete ski and resort operations assets and properties currently under construction and held for sale amounting to $379,019,000 at June 30, 2003 (2002 – $397,642,000). These costs are substantially covered by existing financing commitments.

(c) In addition to the leases described in (a) above, the Company has entered into other operating lease commitments, payable as follows:

YEAR ENDING JUNE 30,	
2004	$ 10,478
2005	9,919
2006	8,987
2007	7,605
2008	7,024
Subsequent to 2008	65,785
	$ 109,798

(d) The Company is contingently liable for the obligations of certain joint ventures and partnerships. The assets of these joint ventures and partnerships, which in all cases exceed the obligations, are available to satisfy such obligations.

(e) The Company and its subsidiaries are involved in several lawsuits arising from the ordinary course of business. Although the outcome of such matters cannot be predicted with certainty, management does not consider the Company's exposure to lawsuits to be material to these consolidated financial statements.

(f) Canada Customs and Revenue Agency ("CCRA") has proposed certain adjustments to reduce the amount of capital cost allowance and non-capital losses claimed by the Company. No notice of reassessment has been issued. The Company has made submissions with respect to these proposals and intends to contest any adjustments, if made. The Company believes that it is unlikely that CCRA would be successful with the proposed challenge. Whether CCRA will ultimately proceed with such proposals, and the outcome of the issues under review if the proposals proceed, cannot be determined at this time. If all of the issues raised by CCRA in the proposals were reassessed as proposed, the Company would be required to pay total cash taxes of approximately $7,500,000 plus interest of approximately $5,000,000. For accounting purposes, the effect of any reassessment would be charged to income in the year the outcome of the proposals is determined.

16 INTEREST EXPENSE:

	2003	2002
Total interest incurred	$ 102,926	$ 83,439
Less:		
Interest capitalized to ski and resort operations assets	192	1,353
Interest capitalized to properties, net of capitalized interest included in real estate cost of sales of $14,872,000 (2002 – $13,314,000)	40,653	25,536
	$ 62,081	$ 56,550

Interest was charged to income as follows:

	2003	2002
Real estate costs	$ 14,872	$ 13,314
Interest expense	47,142	43,072
Discontinued operations	67	164
	$ 62,081	$ 56,550

Real estate cost of sales also include $17,581,000 (2002 – $14,525,000) of interest incurred in prior years.

Interest incurred and interest expense include commitment and other financing fees and amortization of deferred financing costs.

17 FINANCIAL INSTRUMENTS:

(a) FAIR VALUE:

The Company has various financial instruments including cash and cash equivalents, amounts receivable, certain amounts payable and accrued liabilities. Due to their short-term maturity or, in the case of amounts receivable, their market comparable interest rates, the instruments' book value approximates their fair value. Debt and interest swap agreements are also financial instruments. The fair value of the Company's long-term debt including interest swap agreements, calculated using current rates offered to the Company for debt at the same remaining maturities, is not materially different from amounts included in the consolidated balance sheets.

(b) INTEREST RATE RISK:

As described in note 9, $546,096,000 of the Company's debt instruments bear interest at floating rates. Fluctuations in these rates will impact the cost of financing incurred in the future.

(c) CREDIT RISK:

The Company's products and services are purchased by a wide range of customers in different regions of North America and elsewhere. Due to the nature of its operations, the Company has no concentrations of credit risk.

18 PENSION PLANS:

The Company has two non-contributory defined benefit pension plans, one registered and the other non-registered, covering certain of its senior executives. The number of senior executives included in the plan increased from five to 15 in 2002. The Company partially funded the accrued benefit obligation until December 2001. The estimated market value of the plans' assets (i.e., the funded amount) was $3,252,000 at June 30, 2003 (2002 – $2,857,000). A substantial portion of the unfunded benefit obligation, the estimated present value of which was $15,479,000 at June 30, 2003 (2002 – $10,783,000), has been secured by a letter of credit. This obligation is being expensed over a period of 13 years.

In addition to the plans mentioned above, one of the Company's subsidiaries has two defined benefit pension plans covering certain employees. The estimated market value of the plans' assets was $5,989,000 and the estimated present value of the unfunded benefit obligation was $2,229,000 at June 30, 2003. The obligation is being expensed over a period of 10 years.

For the year ended June 30, 2003, the Company charged to operations pension costs of $1,992,000 (2002 – $1,070,000).

19 SEGMENTED INFORMATION:

The Company has four reportable segments: mountain resort operations, warm-weather resort operations, real estate operations, and corporate and all other. The mountain resort segment includes all of the Company's mountain resorts and associated activities. The warm-weather segment includes Sandestin and all of the Company's stand-alone golf courses. The real estate segment includes all of the Company's real estate activities.

The Company evaluates performance based on profit or loss from operations before interest, depreciation and amortization, and income taxes. Intersegment sales and transfers are accounted for as if the sales or transfers were to third parties.

The Company's reportable segments are strategic business units that offer distinct products and services, and that have their own identifiable marketing strategies. Each of the reportable segments has senior executives responsible for the performance of the segment.

The following table presents the Company's results from continuing operations by reportable segment:

	2003	2002
SEGMENT REVENUE:		
Mountain resort	$ 506,483	$ 424,835
Warm-weather resort	65,044	60,307
Real estate	512,695	495,813
Corporate and all other	2,417	5,016
	$1,086,639	$ 985,971

Notes to Consolidated Financial Statements

19 SEGMENTED INFORMATION: (CONTINUED)

	2003	2002
SEGMENT OPERATING PROFIT:		
Mountain resort	$ 109,197	$ 98,935
Warm-weather resort	7,469	8,406
Real estate	75,005	88,150
Corporate and all other	2,417	5,016
	194,088	200,507
Less:		
Interest	47,142	43,072
Depreciation and amortization	67,516	65,434
Corporate general and administrative	14,889	12,175
Write-down of technology assets	12,270	—
	141,817	120,681
Income before income taxes, non-controlling interest and discontinued operations	$ 52,271	$ 79,826

	2003	2002
SEGMENT ASSETS:		
Mountain resort	$ 978,719	$ 912,642
Warm-weather resort	145,361	151,924
Real estate	1,311,079	1,032,296
Corporate and all other	80,563	60,720
Discontinued operations	—	9,335
	$2,515,722	$ 2,166,917

	2003	2002
CAPITAL EXPENDITURES:		
Mountain resort	$ 59,674	$ 81,658
Warm-weather resort	4,872	9,832
Corporate and all other	5,025	10,237
	$ 69,571	$ 101,727

GEOGRAPHIC INFORMATION:

	2003	2002
REVENUE:		
Canada	$ 474,865	$ 424,764
United States	611,774	561,207
	$1,086,639	$ 985,971

	2003	2002
SEGMENT OPERATING PROFIT:		
Canada	$ 102,871	$ 121,707
United States	91,217	78,800
	$ 194,088	$ 200,507

	2003	2002
IDENTIFIABLE ASSETS:		
Canada	$ 886,978	$ 753,885
United States	1,628,744	1,403,697
Discontinued operations	—	9,335
	$2,515,722	$ 2,166,917

20 RELATED PARTY TRANSACTIONS:

During the year ended June 30, 2002, $3,991,000 was repaid to the Company by a partnership, one of whose partners was a corporation controlled by an officer and a director of the Company.

21 CASH FLOW INFORMATION:

The changes in non-cash operating working capital balance consist of the following:

	2003	2002
CASH PROVIDED BY (USED IN):		
Amounts receivable	$ (17,208)	$ (29,720)
Other assets	(17,557)	20,819
Amounts payable	14,866	48,676
Due to joint venture partners	1,425	(4,788)
Deferred revenue	45,064	14,204
	$ 26,590	$ 49,191
SUPPLEMENTAL INFORMATION:		
Interest paid related to interest charged to income	$ 62,091	$ 56,550
Income, franchise and withholding taxes paid	11,067	11,596
NON-CASH INVESTING ACTIVITIES:		
Notes received on asset disposals	2,226	6,902
Bank and other indebtedness incurred on acquisition	35,172	—

22 DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. The principles adopted in these financial statements conform in all material respects to those generally accepted in the United States and the rules and regulations promulgated by the Securities and Exchange Commission ("SEC") except as summarized below:

	2003	2002
Income from continuing operations in accordance with Canadian GAAP	$ 34,754	$ 58,602
EFFECTS OF DIFFERENCES IN ACCOUNTING FOR:		
Depreciation and amortization pursuant to SFAS 109 (d)	(690)	(1,870)
Real estate revenue recognition (i)	(8,931)	4,089
Start-up costs (j)	3,101	(4,772)
Tax effect of differences	2,478	562
Foreign exchange pursuant to SFAS 52 (g)	—	(14)
Results of discontinued operations	(578)	(122)
Income before cumulative effect of change in accounting principle	30,134	56,475
Adjustment to reflect change in accounting for goodwill, net of tax (k)	(6,150)	—
Net income in accordance with United States GAAP	23,984	56,475
Opening retained earnings in accordance with United States GAAP (b)	275,101	223,363
Common share dividends	(5,051)	(4,737)
Closing retained earnings in accordance with United States GAAP	$ 294,034	$ 275,101
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE PER COMMON SHARE (IN DOLLARS):		
Basic	$ 0.65	$ 1.28
Diluted	0.65	1.27
INCOME PER COMMON SHARE (IN DOLLARS):		
Basic	0.52	1.28
Diluted	0.52	1.27
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (IN THOUSANDS):		
Basic	47,364	44,206
Diluted	47,590	44,695

Notes to Consolidated Financial Statements

22 DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES: (CONTINUED)

	2003	2002
COMPREHENSIVE INCOME:		
Net income in accordance with United States GAAP	$ 23,984	$ 56,475
Other comprehensive income (h)	17,808	2,299
	$ 41,792	$ 58,774

	2003	2002
Total assets in accordance with Canadian GAAP	$2,515,722	$2,166,917
EFFECTS OF DIFFERENCES IN ACCOUNTING FOR:		
Shareholder loans (c)	(4,445)	(4,475)
Ski and resort assets (d)	1,948	2,525
Goodwill (d)	37,471	34,696
Properties (d)	640	650
Sale-leaseback (i)	14,080	—
Start-up costs (j)	(2,551)	(5,682)
Future income taxes on differences	4,222	1,744
Total assets in accordance with United States GAAP	$2,567,087	$2,196,375

	2003	2002
Total liabilities in accordance with Canadian GAAP	$1,804,583	$1,489,648
EFFECTS OF DIFFERENCES IN ACCOUNTING FOR:		
Revenue recognition (i)	24,096	—
Total liabilities in accordance with United States GAAP	$1,828,679	$1,489,648

	2003	2002
Capital stock in accordance with Canadian GAAP	$ 460,742	$ 466,899
EFFECTS OF DIFFERENCES IN ACCOUNTING FOR:		
Extinguishment of options and warrants (a)	1,563	1,563
Shareholder loans (c)	(4,445)	(4,475)
Capital stock in accordance with United States GAAP	457,860	463,987
Closing retained earnings in accordance with United States GAAP	294,034	275,101
Accumulated other comprehensive income (h)	(13,486)	(32,361)
Shareholders' equity in accordance with United States GAAP	$ 738,408	$ 706,727

(a) EXTINGUISHMENT OF OPTIONS AND WARRANTS:

Payments made to extinguish options and warrants can be treated as capital items under Canadian GAAP. These payments would be treated as income items under United States GAAP. As a result, payments made to extinguish options in prior years impact the current year's capital stock and retained earnings. No payments were made during the years ended June 30, 2003 and 2002.

(b) RETAINED EARNINGS:

Opening retained earnings in accordance with United States GAAP for the year ended June 30, 2002 includes the effects of:

(i) adopting SFAS 109 as described in (d). The net increase in retained earnings was $40,685,000; and

(ii) treating payments made to extinguish options and warrants as income items as described in (a). The net decrease in retained earnings was $1,563,000.

(c) SHAREHOLDER LOANS:

The Company accounts for loans provided to senior employees for the purchase of shares as amounts receivable. Under United States GAAP, these loans, totaling $4,445,000 and $4,475,000 as at June 30, 2003 and 2002, respectively, would be deducted from share capital.

(d) INCOME TAXES:

As described in note 2(n), the Company follows the asset and liability method of accounting for income taxes. Prior to July 1, 1999, the Company had adopted the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), for the financial statement amounts presented under United States GAAP. SFAS 109 requires that future tax liabilities or assets be recognized for the difference between assigned values and tax bases of assets and liabilities acquired pursuant to a business combination except for non tax-deductible goodwill and unallocated negative goodwill, effective from the Company's year ended September 30, 1994. The effect of adopting SFAS 109 increases the carrying values of certain balance sheet amounts at June 30, 2003 and 2002 as follows:

	2003	2002
Ski and resort operations assets	$ 1,948	$ 2,525
Goodwill	37,471	34,696
Properties	640	650

(e) JOINT VENTURES:

In accordance with Canadian GAAP, joint ventures are required to be proportionately consolidated regardless of the legal form of the entity. Under United States GAAP, incorporated joint ventures are required to be accounted for by the equity method. However, in accordance with practices prescribed by the SEC, the Company has elected for the purpose of this reconciliation to account for incorporated joint ventures by the proportionate consolidation method (note 14).

(f) STOCK COMPENSATION:

As described in note 2(q), the Company accounts for stock options by the intrinsic value-based method. In addition, in note 12(h) the Company provides pro forma disclosure as if a fair value-based method had been applied for grants made subsequent to June 30, 2001. For United States GAAP purposes, the pro forma disclosures would consider the fair value of all grants made subsequent to December 15, 1995.

Had compensation expense been determined in accordance with the timing of application provisions of United States GAAP using the Black-Scholes option pricing model at the date of the grant, the following weighted average assumptions would be used for option grants in:

	2003	2002
Dividend yield (%)	0.9	0.6
Risk-free interest rate (%)	3.11	4.38
Expected option life (years)	7	7
Expected volatility (%)	36	55

Using the above assumptions, the Company's net income under United States GAAP would have been reduced to the pro forma amounts indicated below:

	2003	2002
NET INCOME IN ACCORDANCE WITH UNITED STATES GAAP:		
As reported	$ 23,984	$ 56,475
Estimated fair value of option grants	(5,228)	(5,215)
Pro forma	$ 18,756	$ 51,260
PRO FORMA INCOME PER COMMON SHARE:		
Basic	$ 0.41	$ 1.16
Diluted	0.41	1.15

Notes to Consolidated Financial Statements

22 DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES: (CONTINUED)

(g) FOREIGN EXCHANGE ON BANK AND OTHER INDEBTEDNESS:

Prior to July 1, 2002 under Canadian GAAP, the Company deferred and amortized foreign exchange gains and losses on bank and other indebtedness denominated in foreign currencies over the remaining term of the debt. Under United States GAAP, foreign exchange gains and losses are included in income in the period in which the exchange rate fluctuates.

(h) OTHER COMPREHENSIVE INCOME:

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"), requires that a company classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and capital stock in the equity section of the balance sheet.

The foreign currency translation adjustment in the amount of $14,243,000 (2002 – $31,295,000) presented in shareholders' equity under Canadian GAAP would be considered accumulated other comprehensive income under United States GAAP. The change in the balance of $17,808,000 would be other comprehensive income for the year (2002 – income of $2,299,000).

(i) REAL ESTATE REVENUE RECOGNITION:

The Company recognizes profit arising on the sale of a property, a portion of which is leased back by the Company, to the extent the gain exceeds the present value of the minimum lease payments. The deferred gain is recognized over the lease term. Under United States GAAP, the Company's continued involvement in the property precludes a sale-leaseback transaction from sale-leaseback accounting. As a result, the profit on the transaction is not recognized but rather the sales proceeds are treated as a liability and the property continues to be shown as an asset of the Company until the conditions for sales recognition are met.

In accordance with Canadian GAAP, the Company recognizes revenue from the sale of serviced lots after receiving a deposit and conveying title to the purchaser. Statement of Financial Accounting Standards No. 66, "Accounting for Sales of Real Estate" ("SFAS 66"), provides that a sale of real estate should not be recognized unless the deposit received from the purchaser is at least a major part of the difference between usual loan limits and the sales value of the property. Accordingly, no revenue and cost of sales would have been recognized under United States GAAP on certain lot sales for the year ended June 30, 2001 where the deposit received was less than 10% of the sales price. During the year ended June 30, 2002, the remainder of the loans receivable was collected.

(j) START-UP COSTS:

As described in note 2(f), the Company capitalizes for Canadian GAAP purposes certain costs incurred in the start-up period of specific operations. For United States GAAP purposes, such costs would be expensed as incurred.

(k) GOODWILL AND OTHER INTANGIBLE ASSETS:

As described in note 2(t)(i), the Company restated opening retained earnings for impairment losses calculated by comparing the carrying values to fair values of goodwill and intangible assets with indefinite lives. For United States GAAP, the Company adopted effective July 1, 2002 the provisions of SFAS 142, "Goodwill and Other Intangible Assets," which are similar to Canadian GAAP except that under this standard the impairment losses are recognized as a cumulative effect of a change in accounting principle and are treated as a charge to net income in the year of adoption.

(l) DERIVATIVES AND HEDGING ACTIVITIES:

For United States GAAP purposes, the Company adopted the provisions of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, effective July 1, 2000. Under this standard, derivative instruments are initially recorded at cost with changes in fair value recognized in income except when the derivative is identified, documented and highly effective as a hedge, in which case the changes in fair value are excluded from income to be recognized at the time of the underlying transaction. The only derivative instrument outstanding at June 30, 2003 and 2002 is the interest rate swap described in note 9. As the fair value of this swap is not materially different than its cost at both dates, no reconciliation adjustment is required.

(m) RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS:

In the U.S., SFAS 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"), addresses financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. SFAS 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. If the obligation is settled for other than the carrying amount of the liability, the Company will recognize a gain or loss on settlement. The Company was required to adopt the provisions of SFAS 143 effective July 1, 2002. Certain of the land lease arrangements related to the Company's ski and resort operations require remediation steps be taken on termination of the lease arrangement. The Company plans to operate its resorts indefinitely and thus is unable to make a reasonable estimate of the fair values of the associated asset retirement obligations.

In the U.S., SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), provides guidance for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale. SFAS 144 also provides guidance on how to present discontinued operations in the income statement and includes a component of an entity (rather than a segment of a business). The provisions of SFAS 144 are required to be applied prospectively after the adoption date to newly initiated disposal activities. The Company was required to adopt SFAS 144 effective July 1, 2002. The adoption of SFAS 144 did not materially impact the Company's consolidated financial position or results of operations.

The FASB has issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"), which is effective for exit or disposal activities that are initiated after December 31, 2002. SFAS 146 requires that a liability be recognized for exit or disposal costs only when the liability is incurred, as defined in the FASB's conceptual frame-work, rather than when a company commits to an exit plan, and that the liability be initially measured at fair value. The Company expects the adoption of this standard will affect the timing of recognizing liabilities, and the amount recognized, in respect of future exit activities, if any.

The FASB has issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires additional disclosures as well as the recognition of a liability by a guarantor at the inception of certain guarantees entered into or modified after December 31, 2002. The initial measurement of this liability is the fair value of the guarantee at inception. The requirements of FIN 45 have been considered in the preparation of this reconciliation.

The FASB has issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). Its consolidation provisions are applicable for all entities created after January 31, 2003, and for existing variable interest entities as of July 1, 2003. With respect to entities that do not qualify to be assessed for consolidation based on voting interests, FIN 46 generally requires consolidation by the entity that has a variable interest(s) that will absorb a majority of the variable interest entity's expected losses if they occur, receive a majority of the entity's expected residual returns if they occur, or both. The Company is currently evaluating the impact of adopting the requirements of FIN 46.

Directors and Management

DIRECTORS

R. THOMAS M. ALLAN[1]
Consultant

JOE S. HOUSSIAN
Chairman, President and Chief Executive Officer, Intrawest Corporation

DANIEL O. JARVIS
Executive Vice President and Chief Financial Officer, Intrawest Corporation

DAVID A. KING[1,2]
President, David King Corporation

GORDON H. MACDOUGALL[2,3]
Partner, CC&L Financial Services Group

PAUL M. MANHEIM[1,3]
President, HAL Real Estate Investments, Inc.

PAUL A. NOVELLY[2]
Chairman and Chief Executive Officer, Apex Oil Company, Inc.

GARY L. RAYMOND
Chief Executive Officer, Resort Development Group, Intrawest Corporation

BERNARD A. ROY[3]
Senior Partner, Ogilvy Renault

KHALED C. SIFRI[1]
Managing Partner, Hadef Al-Dhahiri & Associates

HUGH R. SMYTHE
President, Resort Operations Group, Intrawest Corporation

NICHOLAS C.H. VILLIERS[2]
Consultant

[1] Audit Committee
[2] Corporate Governance and Nominating Committee
[3] Human Resources Committee

CORPORATE MANAGEMENT

JOE. S. HOUSSIAN
Chairman, President and Chief Executive Officer

DANIEL O. JARVIS
Executive Vice President and Chief Financial Officer

DAVID C. BLAIKLOCK
Vice President and Corporate Controller

JOHN E. CURRIE
Senior Vice President, Financing and Taxation

JIM GREEHEY
Vice President, Corporate Insurance

MICHAEL M. HANNAN
Senior Vice President, Strategic and Corporate Development

ROSS J. MEACHER
Corporate Secretary and Chief Privacy Officer

ANDREW C. MORDEN
Vice President, Financial Planning and Systems

STEPHEN J. SAMMUT
Vice President, Project and Corporate Finance

STAN C. SPRENGER
President, Resort Reservations Network

ANDREW VOYSEY
Senior Vice President, Acquisitions

EWAN R. WILDING
Vice President, Internal Audit Services

RESORT OPERATIONS GROUP

HUGH R. SMYTHE
President, Resort Operations Group

PAT ALDOUS
Director, Canadian Mountain Holidays

DAVID BARRY
Senior Vice President, Intrawest Colorado

GARY DEFRANGE
Vice President/General Manager, Winter Park

STEVE PACCAGNAN
Vice President/General Manager, Copper

DAVID B. BROWNLIE
Senior Vice President, Finance, Whistler Blackcomb

GORDON AHRENS
Vice President and General Manager, Panorama Mountain Village

DAVID A. CREASY
Senior Vice President, Finance

DOUG FORSETH
Senior Vice President, Operations, Whistler Blackcomb

RUSTY GREGORY
Chief Executive Officer, Mammoth Mountain

DAVE HARTVIGSEN
Senior Vice President, Lodging

R. SCOTT BUNCE
Vice President, Sales – Lodging

PETER A. COWLEY
Vice President, Lodging Product Development

MIKE STANGE
Vice President and General Manager, Sandestin

EDWARD B. PITONIAK
Senior Vice President, Resort Enterprises

LINDA DENIS
Vice President, Customer Relationship Marketing

MARK R. HULME
Vice President, Retail/Rental Operations

GRAHAM R. KWAN
Vice President, Business Development

ANN M. MACLEAN
Vice President, People and Organizational Development

TONY B. OSBORNE
Staff Vice President, Project Management

CATE THERO
Vice President, Marketing

STEPHEN K. RICE
Senior Vice President, Eastern Region

MICHEL AUBIN
President, Tremblant

CHARLES BLIER
Vice President and General Manager, Mountain Creek

GORDON CANNING
President, Blue Mountain

SKY FOULKES
Vice President and General Manager, Stratton

BRUCE D. PITTET
Vice President and General Manager, Snowshoe

RESORT DEVELOPMENT GROUP

GARY L. RAYMOND
Chief Executive Officer, Resort Development Group

LORNE D. BASSEL
Executive Vice President, Northeast and Europe Regions

ROBERT JÉRÔME
Regional Vice President, Europe Region

WILLIAM R. GREEN
Regional Vice President, Northeast Region

ROBIN CONNERS
Vice President, Commercial, Northeast Region

RICHARD LABONTÉ
Vice President, Construction, Northeast Region

CRAIG WATTERS
Vice President, Development, Northeast Region

MAX REIM
Vice President, Commercial Development

MICHAEL F. COYLE
Executive Vice President

GREG L. ASHLEY
President, Playground

DANAE JOHNSON
Vice President, People Development

JIM ONKEN
President, Storied Places

DAVID S. GREENFIELD
Executive Vice President, Northwest and Southwest Regions

DONAL O'CALLAGHAN
Vice President, Design

DOUGLAS W. OGILVY
Regional Vice President, Southwest Region

FRED GOERS
Vice President, Construction, Southwest Region

TOM JACOBSON
Vice President, Development, Southwest Region

PAUL WOODWARD
Vice President, Northwest Region

ROBERT FRITZ
Vice President, Construction, Northwest Region

ERIC GERLACH
Vice President, Development, Northwest Region

DAVID KLEINKOPF
Executive Vice President, Southeast and Colorado Regions

DON CARR
Regional Vice President, Southeast Region

JIM BOIVIN
Vice President, Construction, Southeast Region

TOM WALLINGTON
Vice President, Development, Southeast Region

MIKE O'CONNOR
Vice President, Development, Colorado Region

JOE WHITEHOUSE
Vice President, Development, Colorado Region

CONNIE WYNNE
Vice President, Resort Planning, Southeast and Colorado Regions

JEFF STIPEC
President, Intrawest Golf

DREW STOTESBURY
Chief Financial Officer

RASHA HODALY
Vice President, Financial Reporting and Accounting

RESORT CLUB GROUP

JAMES J. GIBBONS
President, Resort Club Group

RENÉ L. CARDINAL
Senior Vice President, Finance and Administration

R. JUDE CARRILLO
Executive Vice President, Sales and Marketing

BARBARA J. JACKSON
Vice President, Guest Experience and Communications

MICHAEL KAINE
Vice President, Technology

MURRAY PRATT
Vice President, Global Tour Generation

DOUG REGELOUS
Senior Vice President, Development

JEFF TISDALL
Vice President, Membership Programs Marketing

RON. T. ZIMMER
Executive Vice President and Chief Financial Officer

Corporate Information and Principal Offices

CORPORATE INFORMATION

AUDITORS
KPMG LLP
Vancouver, BC

TRANSFER AGENT AND REGISTRAR
CIBC Mellon Trust Company at its principal offices in Vancouver, Calgary, Toronto and Montreal

STOCK EXCHANGE LISTINGS AND SYMBOLS
New York Stock Exchange (IDR)
Toronto Stock Exchange (ITW)

SHAREHOLDER INFORMATION
Ross J. Meacher
Corporate Secretary and
Chief Privacy Officer
604.669.9777

INVESTOR RELATIONS
Stephen Forgacs
Manager, Investor Relations and
Corporate Communications
604.623.6620

ANNUAL GENERAL MEETING
The Annual General Meeting of Shareholders will be held on Monday, November 10, 2003 at 11:00 a.m. in the Governor's Room of The Metropolitan Club, One East 60th Street, New York, New York.

PRINCIPAL OFFICES

VANCOUVER (CORPORATE OFFICE)
Intrawest Corporation
Suite 800, 200 Burrard Street
Vancouver, BC V6C 3L6
T: 604.669.9777
F: 604.669.0605
www.intrawest.com

CLUB INTRAWEST
The Landing
Suite 326, 375 Water Street
Vancouver, BC V6B 5C6
Telephone: 604.689.8816
Facsimile: 604.682.7842
www.clubintrawest.com

INTRAWEST GOLF
14646 North Kierland Boulevard, Suite 210
Scottsdale, AZ 85254
T: 480.874.2200
F: 480.874.2610
www.intrawestgolf.com
www.ravengolf.com

PLAYGROUND REAL ESTATE
800 - 570 Granville Street
Vancouver, BC V6C 3P1
T: 604.675.PLAY
F: 604.675.7568
www.playground.com

RESORT RESERVATIONS NETWORK
#100 - 788 Harbourside Drive
North Vancouver, BC V7P 3R7
T: 604.904.9300
F: 604.904.7110
Reservations: 1.888.IMAGINE
www.rezrez.com

RESORT OPERATIONS

BLUE MOUNTAIN
R.R. #3
Collingwood, ON L9Y 3Z2
T: 705.445.0231
F: 705.444.1751
www.bluemountain.ca

COPPER MOUNTAIN
P.O. Box 3001,
209 Ten Mile Circle
Copper Mountain, CO 80443
T: 970.968.2882
F: 970.968.3155
Reservations: 1-888-263-5302
www.coppercolorado.com

MAMMOTH
P.O. Box 24, #1 Minaret Road
Mammoth Lakes, CA 93546-0024
T: 760.934.0602
F: 760.934.0615
Reservations: 1-800-MAMMOTH
www.mammothmountain.com

MOUNTAIN CREEK
200 Route 94
Vernon, NJ 07462-0391
T: 973.827.3900
F: 973.209.3363
www.mountaincreek.com

PANORAMA MOUNTAIN VILLAGE
Panorama, BC V0A 1T0
T: 250.342.6941
F: 250.342.3727
Reservations: 1.800.663.2929
www.panoramaresort.com
www.skipanorama.com

SANDESTIN GOLF AND BEACH RESORT
9300 Emerald Coast Parkway West
Sandestin, FL 32550
Telephone: 850.267.8000
Facsimile: 850.267.8222
Reservations: 1.800.622.1922
www.sandestin.com

SNOWSHOE MOUNTAIN
P.O. Box 10
Snowshoe, WV 26209
T: 304.572.1000
F: 304.572.5616
Reservations: 1.877.441.4386
www.snowshoemtn.com

STRATTON MOUNTAIN
R.R. #1, Box 145
Stratton Mountain, VT 05155-9406
T: 802.297.2200
F: 802.297.4395
Reservations: 1.800.STRATTON
www.stratton.com

TREMBLANT
1000, chemin des Voyageurs
Mont-Tremblant, QC J8E 1T1
T: 819.681.2000
F: 819.681.5999
Reservations: 1.800.461.8711
www.tremblant.ca

WHISTLER BLACKCOMB
4545 Blackcomb Way
Whistler, BC V0N 1B4
T: 604.932.3141
F: 604.938.7527
Reservations: 1.888.284.9999
www.whistlerblackcomb.com

WINTER PARK RESORT
P.O. Box 36, 85 Parsenn Road
Winter Park, CO 80482
T: 970.726.5514
F: 303.892.5823
www.skiwinterpark.com

RESORT DEVELOPMENT

COLORADO RESORT DEVELOPMENT
1050 17th Street, Suite 1250
Denver, CO 80265
T: 303.623.3392
F: 303.893.1487
www.coppercolorado.com
www.keystonerealestate.com
www.skiwinterpark.com

NORTHEAST RESORT DEVELOPMENT
1407 de la Montagne
Montreal, QC H3G 1Z4
T: 514.798.3000
F: 514.788.6304
www.bluemountain.ca
www.mountaincreek.com
www.stratton.com
www.tremblant.ca

NORTHWEST RESORT DEVELOPMENT
Suite 900, 999 West Hastings Street
Vancouver, BC V6C 2W2
T: 604.697.6300
F: 604.697.6301
www.panoramaresort.com
www.whistlerblackcomb.com

SOUTHEAST RESORT DEVELOPMENT
Suite 450, 301 East Pine Street
Orlando, FL 32801
T: 407.472.6500
F: 407.472.6499
www.sandestin.com
www.snowshoemtn.com

SOUTHWEST RESORT DEVELOPMENT
Suite 3000, 6900 South McCarran
Reno, NV 89509
T: 775.332.1200
F: 775.332.1199
www.mammothmountain.com
www.montelagovillage.com
www.thevillageatsquaw.com
www.villageatsolitude.com

STORIED PLACES
Suite 1710, 1050 17th Street
Denver, CO 80265
T: 303.623.3392
F: 303.352.2978
www.storiedplaces.com

Vous pouvez obtenir la version française de ce rapport en écrivant au Secrétaire,
Corporation Intrawest,
200, rue Burrard, Bureau 800,
Vancouver (Colombie-Britannique) V6C 3L6

DESIGN: SAMATAMASON PRINTING: BLANCHETTE PRESS

intrawest.com

Intrawest Corporation
Suite 800, 200 Burrard Street, Vancouver, BC Canada V6C 3L6 t 604.669.9777 f 604.669.0605